

مكة المكرمة

The Global Newspaper  
Printed Simultaneously  
in Paris, London, Zurich,  
Hong Kong, Singapore,  
The Hague and Moscow

# Herald Tribune

Published With The New York Times and The Washington Post

ZURICH, MONDAY, SEPTEMBER 10, 1984

ESTABLISHED 1887

## Sandinist Foes Said To Get Funds From U.S. Firms, Citizens

By Philip Taubman  
New York Times Service  
WASHINGTON — Nicaraguan rebels have raised more than \$10 million in the past six months from corporations and individuals in the United States and from foreign governments, including Israel, Argentina, Venezuela, Guatemala and Taiwan, according to U.S. officials and rebel leaders.

Each of the foreign governments has denied involvement with the rebels.

"We're raising more than \$1.5 million a month, much of it donated by private Americans and corporations, including some large, well-known companies," a rebel leader, Mario Calero Portocarrero, said in a recent interview. He and the other sources declined to identify the individuals or corporations.

The money has enabled the main rebel group, the rightist Nicaraguan Democratic Force, to continue its military activities despite reduced support from the Central Intelligence Agency, rebel leaders said.

Officials said the CIA had advised the rebels about their fund-raising efforts but had not solicited funds for them and had not contributed any money itself beyond the amount authorized by Congress.

Last year, Congress limited CIA expenditures for the rebels to \$74 million in 1984 and prohibited other support when that money ran out. Congress has refused to provide additional money requested by the administration.

The House Select Committee on Intelligence, however, has indicated that it is not satisfied with agency assurances that the CIA has remained within the spending limit, and is investigating how the rebels have sustained their operations.

Committee members said that contributions by private individuals and corporations in the United States may violate the Neutrality Act, which bars private support or participation in military operations against governments that are at peace with the United States.

In addition, there is concern in Congress that money provided by other governments could have been drawn from U.S. foreign aid programs. The diversion of such aid to third countries without U.S. permission is prohibited by the Arms Export Control Act and the Foreign Assistance Act.

## Exiles List Iranian Killings

### Opposition Asks UN to Initiate Rights Inquiry

By Richard Bernstein  
New York Times Service  
PARIS — Exiled leaders of an Iranian opposition group have published a list of 10,231 people who it said had been executed by the government of Ayatollah Ruhollah Khomeini since June 1981.

The group, the Mujahedin Khalq, whose headquarters are in Paris, said Friday that the list was an expanded and updated version of one issued a year ago that gave details of 7,746 executions.

The group's leader, Massoud Rajavi, said he had sent a copy of the list to the United Nations secretary-general, Javier Pérez de Cuellar, asking him to send a special envoy to Iran to investigate human rights.

"You can conclude from the list that there is a nationwide resistance inside Iran, and different people from different social strata," Mr. Rajavi said. "Khomeini has not been successful in destroying the movement."

"The only way he has is to increase the repression," he said.

The Mujahedin said the names on the list were among 40,000 people executed since June 1981, when Revolutionary Guards fired on demonstrators in Tehran.

The list gave the full names of all 10,231 people with the date, place and circumstances of each reported execution. More than 9,000 were affiliated with the Mujahedin, which claims to have an extensive network of sympathizers throughout Iran.

The Mujahedin said that some people had been executed because of their role in preparing the list.

The group said that most of the victims were executed by firing squad, but that at least 270 died under torture and 155 were hanged.

Mr. Rajavi, who fled Iran with former President Abolhasan Bani-Sadr in 1981, said 120,000 political prisoners were in Iranian jails.

He said that, in addition to the 10,231 names on the list, he had the names of another 1,000 execution victims. They were not on the list.

(Continued on Page 2, Col. 1)

## Zhivkov Puts Off Visit to Bonn; Kremlin Blamed

By James M. Markham  
New York Times Service  
BONN — President Todor Zhivkov of Bulgaria has abruptly postponed a scheduled visit to West Germany, a government spokesman said Sunday.

The move came five days after the East German leader, Erich Honecker, apparently succumbed to Soviet pressure and canceled a similar trip.

Jürgen Sudhoff, a West German spokesman, said Bulgaria had informed Chancellor Helmut Kohl.

Soviet vacuum spurs Eastern European desire for ties. Page 5.

that the Zhivkov visit, scheduled for Oct. 19 to 22, would have to be postponed.

Bulgarian diplomats were said to have blamed the decision on the deployment of North Atlantic Treaty Organization medium-range missiles in Western Europe and NATO maneuvers in West Germany.

One of the Soviet Union's most trustworthy allies, Mr. Zhivkov appeared to have followed Mr. Honecker's lead and put off his trip to underscore Moscow's anger at the Kohl government and to make the point that normal relations with Eastern Europe were not possible because of the purportedly changed strategic situation caused by the missiles.

Observers in Bonn said that it appeared that Mr. Zhivkov, like Mr. Honecker, had bowed to Soviet pressure. Recently, diplomats have detected symptoms of unease to Sofia over the Soviet campaign to tighten Warsaw Pact ranks.

"The Bulgarians lately have given themselves a sharper profile," said a Bonn official. "They wanted to keep up the dialogue with the West and to get a greater room for maneuver."

Keenly interested in forging closer economic ties with West Germany, Bulgaria has paid only lip service to a Soviet-led campaign that charges that "revanchist" forces are in charge in Bonn and aspire to change Europe's postwar frontiers. Poland and Czechoslovakia have been the shilliest Warsaw Pact participants in the campaign.

On Saturday, speaking at a rally in Sofia to mark the 40th anniversary of the Communist takeover, Mr. Zhivkov accused the United States of preparing for war.

"Through rapidly accelerating the arms race, the imperialism and above all the U.S. imperialism, strive at achieving military, strategic and political superiority over the countries of real socialism and are preparing themselves for a third world war," Mr. Zhivkov said.

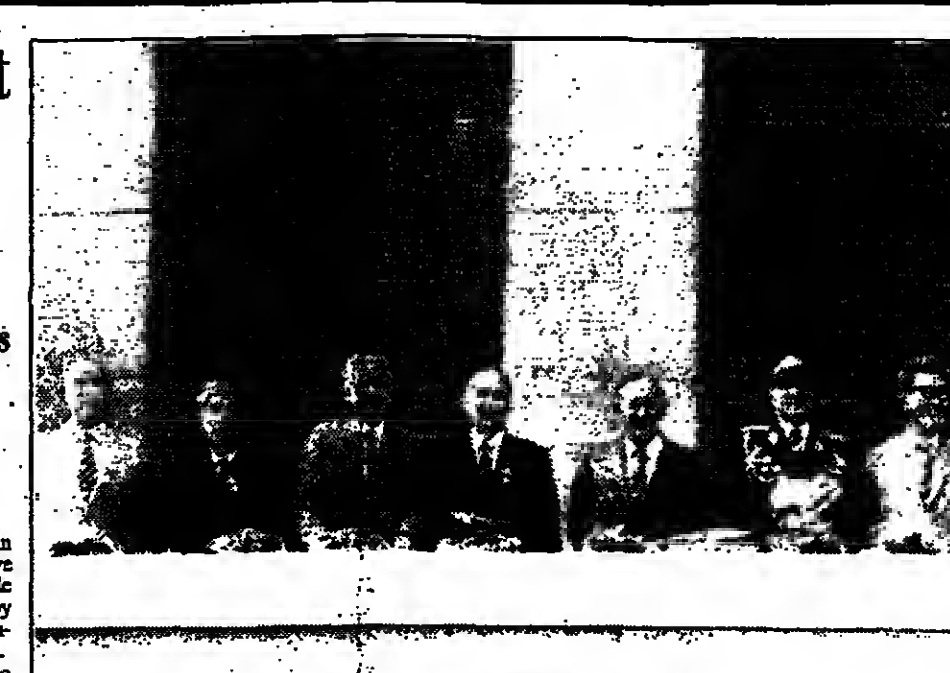
The Bulgarian leader said that the Soviet Union would thwart such schemes. Mikhail S. Gorbachev, regarded by some as the second-ranking figure in the Kremlin hierarchy, attended the rally.

Earlier this month, Wolfgang Mischnick, the Bonn floor leader of the Free Democratic Party, visited Bulgaria and Romania and said that their leaders hoped that Mr. Honecker would make his visit to West Germany.

President Nicolae Ceausescu of Romania is scheduled to visit Bonn on Oct. 15, and there has been no sign that he intends to call off his trip. Romania pursues an occasionally maverick foreign policy within the Warsaw Pact, and defied a Soviet boycott by sending athletes to the Los Angeles Olympic Games.

The Zhivkov postponement was another blow to an ambitious Eastern European policy that the Kohl government has been crafting. The policy included plans for a visit to Czechoslovakia by Chancellor

(Continued on Page 2, Col. 5)



Bulgarian leaders and guests marked Sunday the 40th anniversary of Communist rule in Sofia. From left, they are: Peter Tachev, the secretary of the Bulgarian Agrarian Union, Do Mui, of the Vietnamese Politburo, Prime Minister Grisha Filipov of Bulgaria, Mikhail S. Gorbachev, of the Soviet Politburo, President Todor Zhivkov, General Dobri Dzhurov, of the Bulgarian Politburo, and Stanko Todorov, the chairman of the National Assembly.

## Mondale Hopes to Stress 'Substance' To Overcome Reagan Lead in 'Style'

By Bernard Weinraub  
New York Times Service  
WASHINGTON — Walter F. Mondale plans to focus on specific policy issues and virtually ignore the area of "leadership" on which President Ronald Reagan is rated high in the polls.

On Monday, at a campaign stop in Philadelphia, Mr. Mondale is to announce his plan to reduce the federal budget deficit. In other appearances early in the week he plans to concentrate on economic and farm issues to Illinois, Wisconsin and Iowa.

The candidate's senior aides say Mr. Mondale is trying to close what they concede to be Mr. Reagan's lead in the polls by emphasizing issues on which the Republicans are vulnerable.

Beyond this, they say, poll data show that despite the president's popularity, voters are far closer to Mr. Mondale's positions on various issues than they are to Mr. Reagan's.

"People say you can't win a race on issues," said Robert G. Becker, Mr. Mondale's campaign manager. "I don't believe that. The point is when we get Walter Mondale head-to-head with Ronald Reagan, style will be overcome by substance."

Mondale aides say that the candidate views the campaign, at this moment, as mirroring the series of hard-fought primary battles against Senator Gary Hart in March and April, when Hart victories in New England suggested

that the Mondale candidacy was finished.

The more that campaign became a sustained debate, the more Mondale put Hart on the defensive with some extremely aggressive tactics, the better our chances became," said a senior aide. "That's what we're going to do now. Mondale is somehow best when he's an underdog, and we're going to raise these issues day by day."

At this point, the aides say, the candidate views the key issues under two separate "umbrellas."

One is the so-called "fairness" issue. Mr. Mondale asserts that the administration's tax and economic policies favor the rich over the poor and middle class.

He has said repeatedly that average people are being "ripped off" because of the costs of hospital care, utility bills and education. Moreover, he says, the administration is "dealing with the polluters" by refusing to deal in a concerted way with toxic wastes and other pollution.

The second umbrella is "war and peace." According to Peter Hart, Mr. Mondale's pollster, this is a central campaign issue because of tension in U.S.-Soviet relations, the absence of substantive arms accord in the last four years, the two-way military buildup and, as Mr. Mondale said in his speech last week to the American Legion in Salt Lake City, the fact that Mr. Reagan "is the first president since Hoover not to have met with the Soviets."

Mr. Hart said: "War and peace stands out as an absolutely fundamental issue, where the voters see Reagan as off in the wrong direction and Mondale headed in the right one. What it comes down to is there are six or eight salient issues, and if you had a referendum on each of those issues between Mondale and Reagan, Mondale's positions would prevail."

Public poll data provide some support for Mr. Hart's analysis.

For example, The New York Times-CBS News Poll in August found that the public, by 52 percent to 38 percent, agreed with Mr. Mondale that a tax increase would be necessary to substantially reduce the deficit.

On foreign policy matters, a fear that Mr. Reagan could get the country into a war persists, according to various polls.

## Dali's Condition Serious As Doubts Arise on Fire

The Associated Press  
BARCELONA — Salvador Dali remained in serious condition with respiratory problems and a fever Sunday, two days after a skin graft operation that doctors said was necessary to save his life.

The 80-year-old surrealist painter was burned in a bedroom fire Aug. 30.

While Dali recuperates in the intensive care unit of a Barcelona clinic, doubts are being raised over the circumstances surrounding the fire, the delay before he entered the hospital, the details of his life to a 12th-century castle in the village of La Pera, 120 kilometers (75 miles) north of Barcelona, and even the authenticity of some of his works.

"When a man has suffered what are supposed to be serious burns, why wasn't he taken immediately to a hospital?" asked A. Reynolds Morse, founder of the Salvador Dali Museum in St. Petersburg, Florida, and a longtime acquaintance of the painter.

First reports following the fire in the bedroom of Dali's Palau de la Musica quoted his secretary, Robert Descharmes, a French photographer and Dali scholar, as saying that he had smelled smoke around 5 A.M. and rushed to pull Dali from the smoke-filled room.

But two of the painter's nurses, a gardener and a passing paramilitary civil guard told a judge Friday that the nurses and the civil guard



Salvador Dali

had helped get the painter out of the house.

Dali's injuries were initially described as both "light" and "serious."

Dali's attorney, Miguel Domench, said he had not been taken to a hospital because "he didn't want to go." When the painter finally consented the following day, Mr. Domench said, he insisted first on going to his Dali Museum in Figueras, 35 kilometers north of La Pera.

Mr. Descharmes, Mr. Domench and a Spanish painter named Antoni Pitxot are the latest in a long line of Dali advisers.

Some friends, such as the musician Xavier Cugat, assert that the three restrict access to the painter.

After Dali was hospitalized Mr. Cugat, who now lives in Barcelona, called for an investigation into the painter's restrictive existence at the castle, which he had left only once before the fire since the death of his wife and muse, Gala, in June 1982.

In a telephone interview from his home in Cleveland, Mr. Morse, one of the largest private collectors of Dali works before he donated his collection to the state of Florida, said Mr. Domench had refused him entry to the castle last October when he went with a group of friends to see Dali.

Investigation Urged

The daily newspaper El País agreed Saturday with those who insist that Dali has not been in full control of his destiny in recent years, United Press International reported.

An editorial entitled "The Prisoner of Palau" urged the authorities to solve "a profoundly disagreeable mystery" about the relationship between the artist and his entourage.

## U.K. Miners, Coal Board Begin New Negotiations

Reuters  
LONDON — Leaders of Britain's striking coal miners and the National Coal Board resumed negotiations Sunday, but there was little expectation of a breakthrough in the six-month dispute.

The formal talks, the ninth round since the strike began and the first in eight weeks, were being held at a secret venue, thought to be in Scotland.

The two-week national dock strike, organized in support of the miners, showed signs of crumbling Saturday when first results of a management ballot by mail at the country's largest port indicated a majority in favor of a return to work.

Employers at the Port of London, which conducted the ballot independently of the union leadership, said 1,475 of the 2,806 registered London dockers voted to end the strike.

The final result of the ballot will be declared next week, when further returns are expected.

The Transport and General Workers Union, which represents 36,000 dockers, called the strike over the berthing of a coal ship, which dockers refused to handle.

But the stoppage, the second in less than two months, has failed to have serious effect, this time halting only about one-third of Britain's nonfuel freight.

Liverpool, Southampton and ports in Wales are strike-bound but roll-on, roll-off ports such as Dover and Felixstowe, which handle more freight in money terms, are continuing to work.

Sources in the coal-mining industry said neither side appeared ready to give ground over the main issue, which is a coal board plan to close loss-making pits.

Rail Campaign Canceled

British rail unions canceled a national campaign of disruptions Saturday, The Associated Press reported from London.

Jimmy Knapp, general secretary of the 150,000-member National Union of Railwaymen, announced that the countrywide disruptions would not begin this week as scheduled.

## Pope Begins 12-Day Visit to Canada

The Associated Press  
QUEBEC — Pope John Paul II arrived Sunday in Quebec to begin a 12-day Canadian tour, the first visit by a pontiff to the country where nearly half the population is Roman Catholic.

The pope was greeted by church officials, Prime Minister John N. Turner, who was defeated in last week's elections, Quebec's Premier René Lévesque and Governor General Jeanne Sauvé. Later Sunday, John Paul was scheduled to conduct an outdoor Mass.

His chartered Alitalia DC-10 arrived after an eight-hour flight from Rome's Fiumicino airport, where Vatican officials and a small group of pilgrims saw him off.

Shortly after his departure, the Vatican released a statement saying the pope would also visit Yugoslavia "in the near future." The announcement was made two weeks after the pope reported that Soviet authorities had denied him permission to visit Lithuania.

A Vatican source said that "the Yugoslav government had expressed its approval" of the visit but said that no date had been set.

A Contracting Church

Earlier, Douglas Martin of The New York Times reported from Quebec:

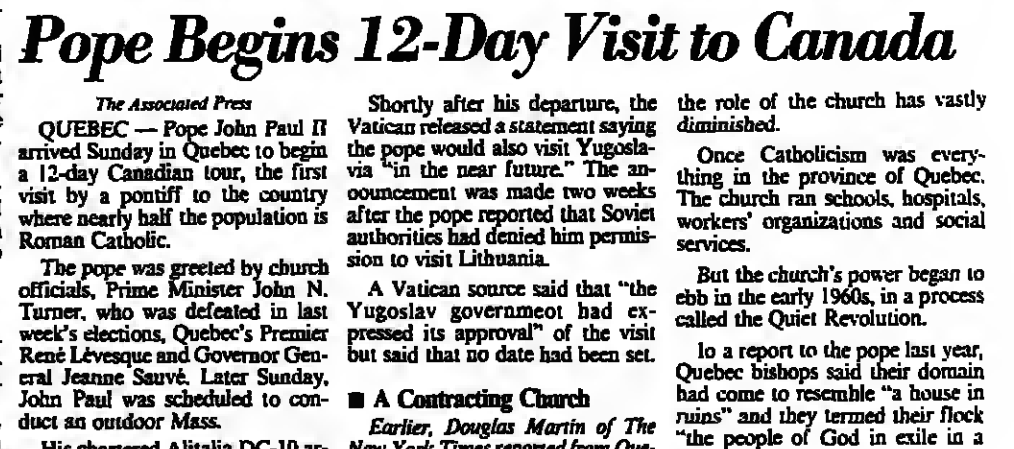
In his visit to Quebec, the pope will find that, while French Canadians are still 87 percent Catholic, the role of the church has vastly diminished.

Once Catholicism was everything in the province of Quebec. The church ran schools, hospitals, workers' organizations and social services.

But the church's power began to ebb in the early 1960s, in a process called the Quiet Revolution.

In a report to the pope last year, Quebec bishops said their domain had come to resemble "a house in ruins" and they termed their flock "the people of God in exile in a foreign land."

Attendance at Sunday Mass has fallen to 25 percent, according to Quebec clerics.



Canada's governor general, Jeanne Sauvé, greets Pope John Paul on his arrival in Quebec.

## Liam O'Flaherty, Irish Author of 'The Informer,' Dies at 88

By Joseph Berger  
New York Times Service  
NEW YORK — Liam O'Flaherty, 88, whose novels and short stories told of the pains and moral dilemmas of the Irish struggle for freedom, died Friday in Dublin.

In works such as "The Informer" and "Famine," Mr. O'Flaherty wrote of the lives of the Irish people as they sought, often violently, to achieve the dignity of economic self-sufficiency and political independence.

He was ranked as a key figure in the Irish Renaissance, a literary movement that sought to explore the wealth of Irish culture. His stories, critics said, displayed a keen understanding of the feelings and speech of common folk, particularly of peasants struggling with harsh land and sea.

Mr. O'Flaherty achieved his greatest fame with "The Informer," the story of a man who, for money and out of confusion over ideals, betrays his friends in the Irish fight for independence from Britain in the 1920s.

In 1935 it was made into a movie, now regarded as a film classic, that won Academy Awards for John Ford, the director, and the actor Victor McLaglen.

Critics generally considered two later works superior: "Skerrett," the story of a feud between a teacher and a parish priest, and "Famine," an account of the potato famine in the 1840s.

Of "Famine," the novelist William Flomer said: "It is a magnificent assertion of sympathy with the perpetual struggle of the mass of humanity for bread, freedom and civilization."

From 1924, when his first novel, "The Informer," was published, until 1950, when "Insurrection" appeared, his literary output included 36 novels, short-story collections and volumes of autobiography. Afterward, except for some writings in Gaelic, he was curiously silent.

In a 1971 critical study, "The Literary Vision of Liam O'Flaherty," John Ziemer observed that Mr. O'Flaherty maintained a strong contemporary appeal because he wrote about "traditions that have failed to a world that is falling apart, about desperate men seeking meaning through violent acts."

Mr. O'Flaherty, a tall, sturdy man with steely blue eyes, was born in 1897. He studied for the priesthood but abandoned that idea while attending a Dublin seminary. He entered University College Dublin but left to join the Irish Guards. While fighting in France in World War I, he suffered shell shock and was discharged.

He spent the next three years traveling abroad, working as a seaman and a lumberjack. But he returned to Ireland and soon involved himself deeply in politics. In 1922 he led a group of unemployed workers that seized a concert hall in Dublin and raised a Communist flag.

In 1926, Mr. O'Flaherty married Margaret Barrington, from whom he was later separated.

Some of Mr. O'Flaherty's books were banned in Ireland and for years he was largely ignored in his homeland. Now, however, his works are included in Irish school literature courses.

Mr. O'Flaherty is survived by two daughters, Pegeen O'Sullivan and Joyce Rathbone. His companion for more than 50 years, Kitty Toller, is in a Dublin hospital.

### INSIDE



Martina Navratilova defeated Chris Evert Lloyd, 4-6, 6-4, 6-4, to win the U.S. Open tennis title. Page 13.

Japan and South Korea appear out to have resolved some differences over how to approach North Korea. Page 5.

Nancy Reagan offers views on why her husband sleeps so well, drug abuse and abortion. Page 3.

FINANCIAL/BUSINESS

The United States banned issuing government-backed bearer securities by private securities dealers to foreign investors. Page 7.

TOMORROW

The recent suicide of a U.S. Army sergeant's son underlined the economic plight of some American military families.



## French Seek to Mitigate Mitterrand's Setback on Morocco-Libya Merger

By Michael Dobbs  
Washington Post Service

PARIS — French officials are trying to smooth over a diplomatic embarrassment for President François Mitterrand arising out of last month's surprise announcement of a political merger by Libya and Morocco.

The union of the radical and the conservative Arab states shocked France, which has taken care to cultivate its political and historic ties with North Africa. King Hassan II of Morocco has long been regarded by Paris as a staunch ally, the reverse of Colonel Moammar Qadhafi, the Libyan leader.

## Peres Faces Labor Revolt On Cabinet

United Press International

TEL AVIV — Prime Minister-designate Shimon Peres faced a possible rebellion within his Labor alignment over a national unity government on Sunday, raising doubts that it would be set up as planned this week.

"Everything is more or less open," said Gad Yacobi, a senior Labor legislator who helped negotiate the plan for a bipartisan cabinet with the Likud bloc of the caretaker prime minister, Yitzhak Shamir. The 1,200-member central committee of the Labor Party is scheduled to vote Monday on the unity accord. Israel Radio's political correspondent said doubts were mounting that the agreement would be approved.

Speaking on the state-owned radio, Mr. Yacobi said there was dissatisfaction over Mr. Peres's decision to bow to Mr. Shamir's demand that key economic cabinet posts go to Likud ministers, including Ariel Sharon.

Mr. Sharon, forced to resign as defense chief last year after an investigation found him indirectly responsible for the massacre of hundreds of Palestinian refugees in Beirut in September 1982, has been selected for the trade and industry portfolio.

Under the unity accord, Mr. Peres will serve as prime minister until 1986, when Mr. Shamir takes over. Labor will hold the defense portfolio for the duration of the government's 50-month term while Likud will name a finance minister.

The power-sharing agreement followed the inconclusive July 23 elections in which neither major party won enough seats for a parliamentary majority.

Mr. Yacobi said "not a few" central committee members considered the accord "so problematic that it should not be ratified."

The Jerusalem Post reported that up to 35 percent of the group could vote against the agreement. It said members were incensed over the reinstatement of Mr. Sharon to a position of influence.

"Everyone knows we went to new elections in order to save the economy, to change direction," Mr. Yacobi said. "And now we find ourselves in a situation in which the Labor Party will play a minor role."

Inflation in Israel is running at an annual rate of 400 percent, and foreign currency reserves have dwindled to \$2.4 billion.

On Saturday, Mr. Peres said he hoped to overcome opposition within his party and ask the Knesset, or parliament, to approve the new government of 22 to 24 ministers on Wednesday.

Elihu Ben-Elissar, a senior Likud legislator, said he was certain that Mr. Shamir's Herut Party, the largest in the Likud bloc, would approve the unity pact.

## Iranian Exiles List Killings

(Continued from Page 1)  
because details on the executions have not been gathered.

■ **Bani-Sadr to Move**  
Former President Bani-Sadr agreed Saturday to move from his home in Versailles, near Paris, after pressure from local residents who did not want him near their school. The Associated Press reported.

Mr. Bani-Sadr moved out earlier this year from the house he shared with the Mujahedin leader, Mr. Rajavi, north of Paris after the two men fell out.

His current house is located next to a private nursery school. Parents of children at the school were worried by the possibility of a terrorist attack on Mr. Bani-Sadr that could spill over.

About 200 parents demonstrated in front of his house Saturday and asked him to accept one of three other homes being offered by local officials.

Mr. Bani-Sadr, surrounded by bodyguards, visited one of the other houses in Versailles and said he would move. It was expected that he would make the change over the next week.

UNIVERSITY DEGREE  
For Life, Academic & Work Experience  
Send detailed resume for a free evaluation  
PACIFIC WESTERN UNIVERSITY  
1000 University Ave., Portland, OR 97208

French concern has centered on the implications of the merger for the balance of power between Morocco and Algeria, which are vying for control of the Moroccan-ruled territory of Western Sahara.

It is widely believed here that King Hassan's primary purpose in seeking an alliance with Libya was to strengthen his hand in his 10-year guerrilla war in Western Sahara with the Algerian-backed Polisario Front. The treaty presumably means that Libya, which supported Polisario until last year, will now assist Morocco.

Algerian suspicions were fueled by an unannounced visit to Morocco that Mr. Mitterrand made two weeks ago in an apparent attempt to find out more about the treaty. Unfortunately, the previously planned visit happened in coincidence with Morocco's referendum on the treaty.

The Algerians were not reassured by the fact that Mr. Mitterrand, who arrived in Morocco on Aug. 29, went in some lengths to be out of the country on Aug. 31, the day of the referendum, by making a side trip to Portugal. The French president compounded the mystery by returning to Morocco for more talks.

After refusing to discuss Mr. Mitterrand's visits in Morocco on the grounds that they were strictly private, French officials are now busily denying rumors that they foreshadow any change in France's traditionally even-handed approach in its two former North African colonies.

Claude Cheysson, the minister for external affairs, who was dispatched to Algeria in an attempt to appease an angry President Chadli Benjedid, insisted in a radio interview Thursday that the idea of a private visit by Mr. Mitterrand to Morocco had originally been broached in January 1983.

Mr. Cheysson said that the decision to go ahead with the visit, despite the controversial treaty, was made to avoid a crisis in France's relations with Morocco.

Officials said that the visit had been initially scheduled for the summer of 1983 but had been delayed because King Hassan refused to support France after the Libyan invasion of Chad. At the same time, Colonel Qadhafi cut off Libyan support for Polisario, a move that foreshadowed last month's announcement of union with Morocco.

French officials have denied reports that Mr. Mitterrand asked the king to act as a mediator in talks with Libya on the Chad situation. Mr. Cheysson said France was already in direct contact with Libyans.

Mr. Cheysson also said that chances for an agreement with Tripoli over Chad had improved recently. French troops were sent to Chad in August 1983 to prevent Libyan-backed rebels from toppling the pro-Western government of President Hissene Habré.

## Islamic Group in Beirut Threatens to Hit U.S.

By John Kifner  
New York Times Service

BEIRUT — An anonymous caller claiming to represent Islamic Jihad has vowed to "strike at a vital United States interest" in retaliation for the U.S. veto of a United Nations resolution criticizing the Israeli occupation of southern Lebanon.

The threat came in a telephone call to a Western news agency in Beirut on Saturday. The caller said that the attack would be carried out "very soon."

[The news agency provided information on the call on condition that the agency not be identified. The Associated Press reported.]

"Our heroes are prepared to sacrifice their lives to destroy even a minor American or Zionist interest and we now have more sophisticated methods than car or truck bombs," the caller said in Lebanese-accented Arabic.

Islamic Jihad, believed to be a Shiite Muslim group, has taken responsibility for terrorist actions that have taken hundreds of lives, including last year's truck bombings of the U.S. Embassy and the U.S. Marine and French paratroop compounds in Beirut.

The caller said the attack would be in response to the U.S. veto in the Security Council on Thursday and President Ronald Reagan's appearance before the U.S. House of Representatives on Friday.

Saudi Arabia is also "at risk," the caller said. The Saudi Arabian Embassy in Beirut was sacked last month by Shiites protesting what they said were delays in obtaining visas for the annual pilgrimage to Mecca. Lebanese soldiers and police guarding the embassy stood by.

■ **Threat of Suicide Attacks**  
The Lebanese Shiite leader, Nabih Berri, a member of Lebanon's cabinet, said Sunday that more than 50 young Lebanese have been prepared for suicidal attacks against Israel's occupation forces in south Lebanon. The Associated Press reported from Beirut.

Mr. Berri, the justice minister and minister of state for south Lebanon, said, "I challenge Israel to remain in south Lebanon... I have begun issuing orders in more than 50 young men like Bilal Fahs."

Fahs crashed his bomb-laden Mercedes into an Israeli armored personnel carrier on June 16.

"We shall blow them up and blow ourselves up with them," said Mr. Berri of the Israelis who have occupied south Lebanon since their 1982 invasion. He spoke at a Shiite rally held in a southern suburb of Beirut to commemorate those who died during the September 1983 round of civil war in Lebanon.

Guerrillas Attack Hospital in Lima

United Press International

LIMA — Rebel gunmen opened fire on a military hospital with machine guns, killing one officer and wounding at least two persons as patients and visitors fled for cover, officials said.

The attack took place Friday, but officials refused to comment on it until Saturday.

Police said a guerrilla commando unit of the Sendero Luminoso, or Shining Path, stormed the front door of Lima's Navy Hospital.



Mourners escort the coffin of four children killed in student clashes with the police in Daveyton, South Africa.

## South African Police Scatter Crowd in Black Township

United Press International

JOHANNESBURG — Police were called out Sunday in the black township of Sebokeng to disperse a crowd that had gathered in defiance of a ban on public meetings.

Major Steve van Rooyen said police officers had fired rubber bullets and tear gas after the crowd stoned police vehicles and defied an order to return home.

"As far as we know, no one

was injured and the township is quiet again," Major Van Rooyen said about two hours after the incident.

The ban covers all meetings except church services and extends from 11 A.M. Sunday in 11 A.M. Tuesday.

A spokesman said the ban affected Sebokeng and neighboring Sharpeville and Evaton, which are 30 miles (50 kilometers) south of Johannesburg. Sebokeng was worst hit by three days of unrest that ended

Wednesday with at least 32 people killed.

A similar ban on meetings was imposed Friday in the Johannesburg area, including the Soweto township of more than a million people. It was to remain in effect until 8 P.M. Sunday.

In the earlier violence in Sebokeng, crowds of up to 4,000 youths burned and looted buildings and vehicles in protests against a 10-percent increase in rent, to about \$37.50 a month.

Officials have declined to say how many people were killed by the police. At least four of those who died were elected local officials who were killed by residents.

The rent disturbances came a week after seven persons, including girls aged 6 and 9, died in clashes between schoolchildren boycotting classes and police in Katlehong, about 20 miles southeast of Johannesburg, and Daveyton, about 30 miles north.

## Mercutrial Qadhafi Shows Signs of Defensiveness

By David B. Ottaway  
Washington Post Service

TRIPOLI, Libya — Colonel Moammar Qadhafi, now beginning his 15th year in power, remains as enigmatic and unpredictable a figure as ever as he tries to cope with the first serious manifestations of opposition at home and continuing isolation abroad.

Despite overtures to the Arab world's most conservative rulers, there is little evidence that he has changed his iconoclastic ideas or given up his drive to remake the Arab world and Africa in his own image.

His Sept. 1 speech to mark his overthrow of King Idris in 1969 contained Colonel Qadhafi's usual tirade against the United States ("enemy No. 1") and Israel and a ringing appeal to the Arab masses to change the map of the Arab world by doing away with its "artificial borders."

The 42-year-old Libyan leader seemed much the old firebrand, confident of himself and his revolutionary zeal.

But an attack on his headquarters in May 8 has proved in retrospect to be a watershed event, provoking another turn to the left in his revolution, with a crack-down on suspected opposition.

The crack-down has been accompanied by the emergence of a small hard-core group of supporters on the omnipresent "revolutionary committees" as his real power base, smaller but more dedicated and faithful to him personally. This is the general assessment of diplomats and other analysts here.

"May 8 has radicalized both the system and Qadhafi," said a diplomat. "Things are again fully under his control but at the expense of the new importance given to the revolutionary committees."

Abroad, he has seemingly changed tactics, adopting new allies and dropping old ones while entering strange alliances. But there is no solid evidence of any basic change in his ultimate goals or in his use of subversive and terrorist means to achieve them.

After working to improve his relations with King Fahd of Saudi Arabia for more than a year, Colonel Qadhafi is suspected of using this opening only to try to smuggle arms into the kingdom and organize a takeover of the Grand Mosque in Mecca by Libyan pilgrims.

His tactics toward the Saudi kingdom raise questions about his intentions in joining King Hassan II of Morocco in a union under which the two leaders are supposed to rotate leadership every two years, carry out joint projects and come in each other's defense in case of attack.

It is difficult to see how such a union between a conservative monarch and the Libyan Arab Jamahiriya, or "state of the Arab masses," could possibly work.

Hassan, who was expected to show up to hail the Libyan-Moroccan union, stayed at home to hold talks with President François Mitterrand of France, another "enemy of the Libyan people" for Colonel Qadhafi.

The Libyan leader's few other friends among Arab and African radical leaders also stayed away.

President Hafiz al-Assad of Syria because he was obviously troubled by Libya's alliance with conservative, pro-Arabian Morocco, and the African radicals because they

are reportedly upset by his sudden dropping of support for the Polisario Front, which is fighting to wrest the Western Sahara from Moroccan control.

Meanwhile, the May 8 commando raid on Colonel Qadhafi's headquarters by a group of dissidents has had an enormous impact.

Though the Libyan leader accused the Sudan and the Moslem Brotherhood of being behind the attack, subsequent events have shown that almost all the dissidents infiltrated from Tunisia and were not religious fanatics at all.

Officially, 12 of the commandos were killed on the spot, and the hangings of seven others were televised in June to the general revulsion of the public. This seems to suggest only a small number was involved.

But sources say other dissidents, individually and in small groups, clashed with Libyan security forces in scattered incidents across the country through May and into early June.

The committees, said to be run by 300 to 400 carefully trained cadres, penetrate neighborhoods and workplaces. The only sectors where these committees or the people's congresses are not tolerated are the armed forces, the banks and the oil sector.

After May 8, residents say young girls and boys from the committees appeared in the streets carrying Russian-designed AK-47 rifles, checking cars, manning roadblocks and arresting people.

The fact Colonel Qadhafi trusted these committees with arms during the crisis seems to suggest he still has a lot of supporters in at least some segments of Libyan society, despite evidence of a growing disenchantment with his revolution.

Outside estimates of the number of opponents executed range from 80 to 120, while those of the number of Libyans rounded up this past summer and still being held range from a minimum of 2,000 to possibly as many as 20,000.

"We believe they tried to suppress all opposition inside," a diplomat said.

A diplomat said that the leadership realized "all of a sudden that there is a much larger convulsion in the country" with the outside opposition and that Libyans "accepted and tolerated a group of infiltrators operating in the country without denouncing them."

The realization appears to have changed the whole nature of the regime, shifting power from established institutions like the army, police and government to the revolutionary committees.

Mr. Gorbachov has awarded the Soviet Red Banner of Labor in a Bulgarian-Soviet friendship committee and addressed a ceremonial session of the National Assembly with President Zhivkov, United Press International reported.

Mr. Gorbachov was attending weekend celebrations in Sofia of the 40th anniversary of the Soviet occupation of Bulgaria, which led to Communist rule. Bulgaria supported Nazi Germany in World War II and declared war against Britain and the United States but not against the Soviet Union.

Mr. Kohl and others in his party have not openly blamed the East German cancellation on Moscow. Now that it is part of a pattern, Christian Democrat strategists say privately that Moscow's hand will be much clearer.

■ **Gorbachov Presents Award**  
Mr. Gorbachov has awarded the Soviet Red Banner of Labor in a Bulgarian-Soviet friendship committee and addressed a ceremonial session of the National Assembly with President Zhivkov, United Press International reported.

Mr. Gorbachov was attending weekend celebrations in Sofia of the 40th anniversary of the Soviet occupation of Bulgaria, which led to Communist rule. Bulgaria supported Nazi Germany in World War II and declared war against Britain and the United States but not against the Soviet Union.

Mr. Gorbachov has awarded the Soviet Red Banner of Labor in a Bulgarian-Soviet friendship committee and addressed a ceremonial session of the National Assembly with President Zhivkov, United Press International reported.

Mr. Gorbachov was attending weekend celebrations in Sofia of the 40th anniversary of the Soviet occupation of Bulgaria, which led to Communist rule. Bulgaria supported Nazi Germany in World War II and declared war against Britain and the United States but not against the Soviet Union.

Mr. Gorbachov has awarded the Soviet Red Banner of Labor in a Bulgarian-Soviet friendship committee and addressed a ceremonial session of the National Assembly with President Zhivkov, United Press International reported.

Mr. Gorbachov was attending weekend celebrations in Sofia of the 40th anniversary of the Soviet occupation of Bulgaria, which led to Communist rule. Bulgaria supported Nazi Germany in World War II and declared war against Britain and the United States but not against the Soviet Union.

## WORLD BRIEFS

### British Prosecutions Office Probed

LONDON (AP) — High law officers in Britain's directorate of public prosecutions are being investigated for alleged corruption, a spokesman for the directorate confirmed late Saturday.

After a newspaper report that a probe was under way, a spokesman said: "The allegations are being investigated by Scotland Yard." The Yard, headquarters of the London metropolitan police, confirmed that it was "making inquiries into a number of allegations of conspiracy and corruption."

The prosecutions office instructs police in all major criminal cases and orders prosecutions after examining evidence. It can also order the termination of police investigations and it considers allegations by the public of criminal offenses by police officers.

### 6 Die in New Hyderabad Clashes

NEW DELHI (AP) — At least six persons were killed and 40 wounded in rioting between Moslems and Hindus in the southern Indian city of Hyderabad, authorities said Sunday after calling an indefinite curfew.

Moslems and Hindus fought street battles with rocks, knives, firebombs and iron bars after Moslems attacked Hindu religious processions, city police said. It was the third outbreak of religious strife in the city in recent weeks.

Army troops were called out to quell the rioting, and thousands were standing by because further clashes were feared in the city, capital of Andhra Pradesh state, where the legislature is due to choose Tuesday between a popular opposition leader, N.T. Rama Rao, and an appointee of Prime Minister Indira Gandhi, Nandendla Bhaskara Rao.

### 3 Are Arrested in Bolivian Coup Plot

LA PAZ (UPI) — Three persons have been arrested and accused of leading a plot to assassinate political and military leaders and overthrow the civilian government of President Hernán Siles Zuzo.

Defense Minister Manuel Cárdenas Mallo refused to identify the three suspects. Interior Ministry officials said Friday that Colonel Rolando Saravia, who has been a fugitive since he was accused of organizing an abduction of Mr. Siles Zuzo in June, was a suspect in the new plot.

Interior Minister Federico Alvarez Plata said Saturday that the participants included paramilitary mercenaries and members of a right-wing political party that he declined to identify.

In another development Saturday, Mr. Siles Zuzo suspended the head of a government anti-narcotics commission; he had accused two of the president's close aides of involvement in cocaine trafficking. Rafael Ocaso was relieved of his position until the charges he made could be "clarified," a presidential spokesman said.

### Chad Rebels Claim Attacks in South

PARIS (UPI) — Rebels in Chad staged several attacks during the last week in August in the previously calm south, with one clash taking place only 56 miles (90 kilometers) from the capital of N'Djamena, according to a rebel spokesman.

He said Saturday that forces loyal to Goukouni Oueddei, the chief rebel leader and former president, made attacks in Moissala, Danamaga, and Maro, all about 350 miles southeast of N'Djamena, and a fourth in an area 56 miles south of the capital. It was the first fighting reported in the government-controlled south for the past few months.

The spokesman was unable to give the exact dates of the clashes or provide casualty figures. The Libyan-backed rebel movement launched an assault to overthrow President Hissene Habré 15 months ago, but French and Chadian troops halted the southward rebel drive from the Libyan border to the capital.

### Iraq Gives Asylum to Iran Hijackers

BAGHDAD (AP) — An Iranian identifying himself as a police lieutenant and a confederate accompanied by his wife and two sons aged 6 and 4 hijacked an Iran Air Boeing 727 Saturday on a domestic flight and freed their 71 hostages Sunday at a southern Iraqi military airbase after being granted political asylum.

The hijackers said they were monarchists opposed to the Islamic Republic of Ayatollah Ruhollah Khomeini. It was the third Iranian airliner to be commandeered since Aug. 7. Iraq is at war with Iran, and Baghdad officials have provided asylum to Iranians opposed to the Tehran government.

An Iraqi official said 71 hostages were released. Forty-five passengers escaped during an earlier stop in Cairo, according to Iraqi sources.

### Mediterranean States to Open Talks

VALETTA, Malta (Reuters) — Ministers from nine countries in the Mediterranean Sea and a Palestine Liberation Organization official are scheduled to open two days of talks Monday in Valletta during which they are expected to call for a "zone of peace" free of superpower involvement.

Delegates who attended weekend preparatory meetings for the Conference on Mediterranean Security and Cooperation said they were working on a draft communiqué calling for an end to the superpower military presence in the Mediterranean.

They expressed doubts that the final statement would specifically criticize the United States or the Soviet Union or touch directly on sensitive issues as the stationing of NATO missiles on Sicily. Countries participating in the conference are Libya, Malta, Egypt, Syria, Yugoslavia, Tunisia, Morocco, Algeria and Cyprus. The PLO will be represented by Fawzi Kaddoumi, a member of the executive committee.

### Angolan Rebels Free 25 Prisoners

JOHANNESBURG (Reuters) — Twenty-five men and women, the latest group of prisoners freed by Angolan rebels, were flown Saturday to South Africa after about six months in captivity.

A Red Cross charter plane brought them from the main rebel camp of the National Union for the Total Independence of Angola at Jamba in southern Angola.

The Portuguese consul in Johannesburg, Eduardo Faria Faria, said the group included 13 Portuguese and one Cape Verdean and 11 Roman Catholic nuns from Italy, Colombia, Mexico and Spain and one from Angola.

### Iranian President Ends Visit to Libya

SIRTE, Libya (AP) — President Ali Khamenei and other high-ranking Iranian officials left Libya Sunday after an official visit, the Libyan news agency IANA reported.

The agency said that Mr. Khamenei, Foreign Minister Ali-Akbar Velayati and the rest of the Iranian delegation were greeted Saturday night by the Libyan leader, Colonel Moammar Qadhafi, at the Mediterranean coastal town of Sirte.

The dispatch said the men left Sirte Sunday afternoon. It gave no details of their talks.

### Cuba Fears Invasion if Reagan Wins

MEXICO CITY (UPI) — Cuba says that the probability of a "direct confrontation" with the United States would become "even greater" if President Ronald Reagan were re-elected and has warned that an attack on its territory would be "very costly."

Prensa Latina, the official Cuban news agency, said Saturday in a dispatch monitored in Mexico City that Cuba's armed forces were prepared to repel any invasion. The report said that "the possibility of direct aggression" had obliged Cuba to equip its regular forces with the means capable of making any intervention against the country very costly.

The Cuban Air Force and Navy are equipped with Soviet-built MiG-21 and MiG-23 intercepter fighters, rocket launchers and ground-to-air missiles, it said. Prensa Latina added that "more than 1.2 million Cubans have been trained as militia and they are already armed." It added that trenches and bomb shelters were also being built.

### For the Record

A man was shot to death in his home in Belfast, Northern Ireland, Sunday in an attack that police said had sectarian overtones. The victim was identified as Michael Devine, 26, a Roman Catholic. His death followed the killing Friday of two Protestants in an ambush in Dungannon.

Eight Spanish Basques who have been on a hunger strike for a month at a prison near Paris are no longer able to speak or hear, according to a group representing their families and friends. The men are protesting French court's decision to return all but one of them to Spain. (Reuters)

Three known neo-Nazis and 10 other people were arrested in West Berlin at a meeting to set up a secret extreme rightist organization, police said Sunday.

The world chess champion, Anatoli Karpov, was scheduled to defend his title Monday against Gary Kasparov, a fellow Russian, at the World Chess Championship final opens in Moscow.

Britain's Social Democratic Party opened its annual convention Sunday in Buxton to discuss ways to revive its flagging campaign to become the "third force" in the nation's politics.

Costa Rica's military government announced Saturday that it would extend a political amnesty for rebel sympathizers another six months. The move was aimed at attracting an estimated 40,000 Guatemaltecos living in Mexico back to the country.

The United Mine Workers union and the coal industry, which last month broke off talks on a new contract to replace one expiring Sept. 15, were to resume negotiations Monday in Washington, officials said.



## WORLD BRIEFS

**Prosecutions Office Probe**  
High law officers in Britain's domestic security service are investigating alleged corruption in a confidential source Saturday.

It is reported that a probe was under way at the time of the investigation. It can also be seen that the investigation is being conducted by the Metropolitan Police, which is a number of allegations of corruption.

**New Hyderabad Clashes**  
At least six persons were killed and 100 injured in the southern Indian state of Andhra Pradesh Sunday after rioting broke out between Hindus and Muslims.

The rioting broke out after the Hindu religious festival of Onam was celebrated in the city. The rioting was the third outbreak of religious violence in the state since the end of the 1970s.

**Tested in Bolivian Coup**  
Three persons have been arrested and are being held in the capital of Bolivia, La Paz, after a military coup d'état.

The coup was led by a group of army officers. The coup was successful in overthrowing the government. The coup was the first in the country since 1976.

**Claims Attacks in South**  
Rebels in Chad staged several attacks during the previous 24 hours, with one attack in the capital, N'Djamena.

The attacks were carried out by the Front for the Restoration of Chad. The attacks were the first in the capital since 1979.

**Asylum to Iran Hijacker**  
An Iranian hijacker has been granted asylum in the United States.

The hijacker was granted asylum after he was released from prison in Iran. The hijacker was the first Iranian hijacker to be granted asylum in the United States.

**nean States to Open Talk**  
The United States and the Soviet Union have agreed to open talks on the issue of nuclear disarmament.

The talks will be held in Geneva. The talks are the first in the series of talks on the issue of nuclear disarmament.

**ebels Free 25 Prisoners**  
The United States has released 25 prisoners from the Guantanamo Bay detention camp.

The prisoners were released after they had been held in the camp for several years. The prisoners were the first to be released since 1980.

**resident Ends Visit to**  
President Ronald Reagan has ended his visit to the Soviet Union.

The president's visit was the first by a U.S. president to the Soviet Union since 1959. The president's visit was a success.

**Invasion if Reagan Will**  
The United States has warned the Soviet Union that it will invade if the Soviet Union invades Poland.

The warning was given by President Ronald Reagan. The warning was the first since 1945.

**ord**  
The United States has ordered the Soviet Union to stop its military exercises in Poland.

The order was given by President Ronald Reagan. The order was the first since 1945.

## AMERICAN TOPICS

## Exit Poll May Enter Pages of Webster's

Exit poll may be on its way into the dictionary, but yuppies and yuppie are unlikely candidates, according to the editors of the Merriam-Webster dictionaries.

Although political campaigns are a regular source of new words, the linguistic pickings have been slim since Webster's New Collegiate Dictionary.

"I can't think of any new words Ronald Reagan has contributed to the language," said James G. Lowe, a senior editor.

Frederick C. Mish, editor in chief of the dictionary, noted that "American politics has, from its earliest times, been a great contributor to the vocabulary of English."

Despite some politicians' hopes to prohibit the interviewing of voters as they leave the polls, exit poll may have enough staying power to make it into the dictionary, Mr. Lowe said.

He is less sure about yuppie (short for young urban professional) and yuppie (young upwardly mobile professional).

## Foreign Engineers Staying On in U.S.

President Reagan's announcement last week that he would nominate Nam Pyo Suh as assistant director for engineering at the National Science Foundation pointed out the increasingly important role that foreign-born engineers are playing in the United States.

Mr. Suh is a professor of mechanical engineering at the Massachusetts Institute of Technology in Cambridge. A native of Korea, he emigrated to the United States as a teenager in 1954, earned college and graduate degrees and became a citizen in 1963.

"One view fears that these foreign students are going to get the jobs that Americans should get," says Charles Falk of the science foundation. "The other says that it's all great — we are the training ground of the world, and it's very good diplomacy to train people and expose them to American culture."

The foundation says that foreign-born engineers earn well over half of all U.S. graduate degrees in engineering. They also form a large share of graduate enrollments in other disciplines: 37 percent of the graduate students in mathematics and computer science courses in 1983, 31 percent in the physical sciences, 21 percent in the social sciences, 15 percent in the life sciences and 12 percent in environmental sciences.

## Smokey's Message May Be 'Let It Burn'

Smokey Bear, the U.S. Forest Service advertising mascot who tells people that only they can prevent forest fires, may be overdoing it, according to an increasing number of professionals within the service itself.

They propose that some natural fires, specifically those

started by lightning, be allowed to burn themselves out. They even suggest that forest rangers deliberately set some fires to prevent dense growth such as that which fueled the recent huge fires in Montana.

This latter idea is included in a new fire policy set forth in the Federal Register this summer and now moving through the regulatory process.

"The service has been following this Smokey Bear stuff for 40 years," said Danny Hart, district ranger at the Helena National Forest in Montana, which lost 28,000 acres last month.

"But when you go out and fight every fire, you get a tremendous buildup of growth in the forest. Then when this fire came along, all that dense fuel was just waiting and away she went, way out of control."

E.M. Stiger, a Forest Service ecologist, agreed that "fire is a fundamental part of the forest ecosystem." But the consensus is that Smokey Bear's central fire prevention message is still valid. As Mr. Hart put it, "We don't want people to think they're doing us a favor when they leave the campfire burning."

## Violence in Movies: A Broken Record

The National Coalition on Television Violence, a research group that also monitors films, says the motion picture "Red Dawn" contains an average of 134 acts of violence per hour — more than any movie it has studied.

The coalition said "Red Dawn," which depicts guerrilla warfare between U.S. high school students and Communist invaders, "promotes intense hatred and open warfare against Russia, Cuba and Nicaragua."

A spokesman for MGM-United Artists said, "It is not a political film. It is an entertainment film."

In addition to "Red Dawn," the coalition placed five other recent films in its "X-Unit" category: "Friday the 13th: Final Chapter," "Dreamscape," "Once Upon a Time in America," "Alphabet City" and "The Initiation."

## Short Takes

The last airplane has rolled off the line at the parent factory and former headquarters of the Piper Aircraft Corp., maker of the famous Piper Cub. The company is consolidating in two Florida plants after 47 years in Lock Haven, Pennsylvania, where it once had 2,300 workers. Piper ranks second to the Cessna Aircraft Co. as a U.S. maker of private planes. But it has lost \$61 million in the past two years. In 1979, Piper sold 5,774 planes. Last year, sales nosedived to 771.

While being renovated, the building at 1600 Pennsylvania Avenue in Washington has looked like the Beige House, the Gray House or the Stone House. Officials promise that by Inauguration Day, Jan. 20, it will again look like the White House. The original face of Virginia sandstone had been painted so often that it had begun to reject additional coats, so it was decided to strip it down before repainting. The building had been covered by as many as 32 coats of white paint since 1801, plus some scorch marks dating to the burning of the White House by the British in the War of 1812.

## PARENTS WHO CARE YOUTH WHO CARE GRANDPARENTS WHO CARE



Nancy Reagan joins a team of breakdancers during a drug-abuse program in Colorado

## President Isn't a Worrier, Wife Asserts Mrs. Reagan Says He Is Too Firm in His Beliefs to Fret

By Nancy Skelton  
Los Angeles Times Service  
GRAND JUNCTION, Colo. — Despite the responsibilities of his job, President Ronald Reagan has not had a sleepless night since he entered the White House, Nancy Reagan says.

Nor, she says, has he paced the floor or even tossed and turned in bed.

"Never," she added for emphasis. In a wide-ranging interview, she described her husband as a man so firm in his beliefs that he does not worry like "other people worry."

She said, "I think it must be easier when you have a definite philosophy, rather than having to search around for one. He worries, but not in the sense that other people worry. You know, he's concerned — I guess maybe that's a better word. He's a born optimist. The glass is always half-full."

During the interview, Mrs. Reagan seemed more at ease than ever before in discussing criticism of herself and her husband.

She said she began to take herself and her critics less seriously on March 30, 1981, the day her husband was critically wounded by a would-be assassin outside a Washington hotel.

The interview came near the end of a two-day political swing through Oregon, Washington and Colorado, where she attended several drug-abuse programs.

Mrs. Reagan has made curbing drug and alcohol abuse among young people her major project in the White House. At one rehabilitation center she told teen-agers, "In the 1960s, when this whole thing hit, no one knew anything about it. We were so unprepared."

Later, Mrs. Reagan was asked if she was thinking about her own children, Patti, 31, and Ron Jr., 26, who grew up during the height of drug use among teen-agers. Patti, in a 1980 interview, said she had used marijuana and "I don't know anyone who hasn't smoked dope."

"I'm sure they experimented, as most kids do, but they were never caught in what I'm seeing now and am involved in now," Mrs. Reagan said, referring to second- and third-graders she has met who have used drugs.

She said that, although she regretted that Patti smoked marijuana, it never drove a wedge between them, despite an effort by the Reagans to get their daughter to change.

Mrs. Reagan said it was not Patti's activities that spurred her to take up the fight against drug abuse but rather the plight of drug-using children of some of their friends in Sacramento.

"So many of our friends would call us — and that was at a time

when there was great embarrassment and self-consciousness and, you know, it's not our child, 'It couldn't be our child.' And then the tragedies that happened — the Linkletter girl..." She was referring to Diane Linkletter, 20, daughter of Art Linkletter, an entertainer, who jumped to her death from a West Hollywood apartment in 1969 while under the influence of LSD.

Mrs. Reagan said that when she learned the age at which some children begin experimenting with drugs, she decided, "Something had to be done."

On another topic, Mrs. Reagan said she made it clear to her children that she did not approve of them living with companions of the opposite sex before marriage. Ron Jr. lived with his wife, Donna, before their marriage in 1980 and Patti once lived with a member of the Eagles rock band.

"I didn't approve," Mrs. Reagan said. When asked if she told them so, she replied, "Sure."

Mrs. Reagan was asked if she personally would have had an abortion or would recommend one for her daughter or stepdaughter, Maureen, if the pregnancy resulted from rape. After a pause, she replied, "I don't know." She suggested that that was a decision that could not be made until the circumstances arose.

As for complaints made in the news media in 1983 by Mr. Reagan's son, Michael, that the Reagans had not invited him to the White House and that Mr. Reagan had rarely seen his two grandchildren, Mrs. Reagan said the matter had been resolved. Michael, 38, also said he wished Mrs. Reagan would devote less attention to the Foster Grandparents Program — another of her projects in the White House — and more to "grandparenting."

Mrs. Reagan said — somewhat tersely — that the grandchildren have since been visited.

**Quillen to Face Castle in Delaware Election**  
WILMINGTON, Delaware — William T. Quillen, a former state judge, easily defeated Sherman W. Tribbitt, the former governor, Saturday in Delaware's Democratic gubernatorial primary election.

In November, Mr. Quillen will face Michael N. Castle, the Republican lieutenant governor.

The winner in the general election will succeed Pierre S. du Pont 4th, a Republican who defeated Mr. Tribbitt in 1976. Mr. du Pont won re-election in 1980 and under law cannot seek another term.

## Reagan Says Priority In Second Term Will Be To Scrap Atomic Arms

United Press International  
LONDON — President Ronald Reagan said in an interview published Sunday that the main international priority of a second Reagan administration would be the elimination of nuclear weapons.

"I don't think the world should have to live with this great threat hanging over it," Mr. Reagan said in an interview in Washington with The Sunday Times of London.

"A nuclear war cannot be won, and must never be fought," Mr. Reagan said in response to the interviewer's suggestion that many Europeans viewed him as a "potentially trigger-happy cowboy."

Asked what his main foreign policy priority would be if re-elected in November, Mr. Reagan said: "Well, it has to be peace and it has to be reduced arms, particularly in the strategic field."

He said he believed that "if we can persuade the Soviet Union to join in reducing those weapons, perhaps we can all see the wisdom of not only reducing but eliminating the weapons."

Mr. Reagan said his administration "must and will engage the Soviet Union in a dialogue as serious and constructive as the Soviet leaders permit."

"We remain ready to negotiate fairly and flexibly and without preconditions," he said.

The president said he hoped "more people will come to understand that I have a higher priority than strengthening peace."

Asked whether he would consider pulling U.S. troops out of Europe if the Europeans lagged in their commitment to rebuild their defenses, Mr. Reagan said there were "absolutely no plans of any kind."

On her age: Mrs. Reagan said she turned 61 on July 6. But college and other records indicate that she was born in 1921 and is 63. "I'm 61," Mrs. Reagan said with mock vehemence. "Not that it makes a tremendous amount of difference," she added.

On pandas: To the Reverend Jesse L. Jackson's contention that the \$13,000 she helped raise this spring to feed hungry Chinese pandas would have been better spent feeding hungry American children, Mrs. Reagan replied: "Why not help the pandas? I wasn't twisting anybody's arm. All these little kids came up with their little pennies in their banks."

kind to reduce the number of U.S. troops assigned to Western Europe's defense.

Although Mr. Reagan will be 74 in February, The Sunday Times said he "looked younger and healthier than he did when he was campaigning for the job four years ago."

The paper said the "Democrats should bury any hopes of making Reagan's age an issue in the campaign."

Asked if there was a danger of over-confidence in the Reagan camp considering the president's strong showing in opinion polls, Mr. Reagan said: "Not for me. I never was that way when I was in sports or athletics. I always figure that I'm going to run one vote behind."

## Moscow Cites Bad Relations

The Soviet press agency Tass said Sunday that relations between Moscow and Washington have never been worse and the arms race was threatening to get out of hand.

According to a Reuters report from Moscow, the Tass English-language service carried a commentary by a political observer, Anatoly Krasikov, on an interview with Mr. Reagan in The Sunday Times.

"Relations between the superpowers have fallen to their lowest level in their entire history," Mr. Krasikov said.

He said that Mr. Reagan had convinced himself that arms talks with the Soviet Union were possible only from a position of strength and was then surprised that no talks took place.

"For the first time in decades," Mr. Krasikov said, "there are no talks on the most acute problems of the present time: the limitation and reduction of nuclear arms."

"Instead, mankind is starting a new spiral in the arms race, with the creation of more and more destructive types of weapons threatening to get out of hand and become an irreversible process leading straight to disaster."

He said a choice was still possible between "general destruction and peaceful existence" but that it was "necessary to stop deceiving oneself and others."

## Reagan Urges Pupils to Prefer Books Over TV

Los Angeles Times Service  
WASHINGTON — President Ronald Reagan, a former television host, has warned schoolchildren that "time given to a television show that ought to be given to a schoolbook is time badly used."

"TV is entertaining and sometimes educational," but "watching TV is passive — it's not living life," Mr. Reagan said Saturday on his weekly political radio broadcast, delivered from Camp David, the presidential retreat in Maryland.

Mr. Reagan also said there was evidence that the decline in education is being reversed. He cited a Gallup Poll that found that 42 percent of Americans "now grade their local schools with an 'A' or a 'B,' and that's up 11 percent since last year."

the present time: the limitation and reduction of nuclear arms."

"Instead, mankind is starting a new spiral in the arms race, with the creation of more and more destructive types of weapons threatening to get out of hand and become an irreversible process leading straight to disaster."

He said a choice was still possible between "general destruction and peaceful existence" but that it was "necessary to stop deceiving oneself and others."

## Debate Schedule Stymies Aides of Reagan, Mondale

The Associated Press  
WASHINGTON — Aides to President Ronald Reagan and Walter F. Mondale have reported little progress in talks about conducting debates between the two men.

"We would like debates closer to the election and after the World Series," James A. Johnson, Mr. Mondale's campaign chairman, said Friday after a negotiating session. The White House chief of staff, James A. Baker 3d, said he did not want to schedule a debate too close to Election Day "so there is undue impact on the voters' decision."

Mr. Johnson said the two campaigns had agreed to meet again Monday and then daily until the debate schedule and format were settled.

Mr. Johnson also said there was no agreement on whether Vice President George Bush would debate Representative Geraldine A. Ferraro.

## Joan Mondale Happy Sharing Stage With Her Husband's Running Mate

New York Times Service  
NEW YORK — What does Joan Mondale think about all the attention being focused upon her husband's Democratic running mate, Geraldine A. Ferraro?

"Oh, I think Gerry's wonderful," she said during a campaign stop at New Haven, Connecticut. She said she had encouraged her husband to choose a woman for the second spot on the ticket.

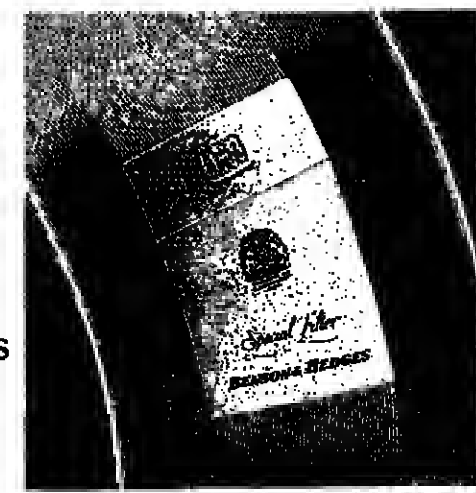
"She brings a strength and vitality and toughness that complements my husband," she said. "Fritz is crazy about her."

Mrs. Mondale won her own reputation as a woman of considerable influence through her work with the arts when her husband was in the Carter administration. But, she said, "I don't want to be in the limelight. I am a traditional wife. I know that is a vanishing breed."

She said she did not offer advice to Ms. Ferraro. Asked what they talked about at a recent political dinner, she replied: "Oh, what do women talk about? She liked my new red dress. I was so surprised that she could still think in feminine terms. That's what's so wonderful. She's not jaded and sour and crabby."



Discover gold



Benson &amp; Hedges Special Filter

The world's finest taste in cigarettes

Created and perfected by the House of Benson &amp; Hedges

## When you reach a certain point in life, you need a personal bank account in Luxembourg.

There are substantial advantages in having a bank account in the Grand Duchy of Luxembourg. Advantages of which you may not yet be aware. Advantages which could prove extremely useful to you. Luxembourg has developed into a major financial centre. It has the reputation for political stability and economic prosperity. The Luxembourg branch of The First National Bank of Boston (one of the top 20 U.S. banks) has recently produced a brochure with the aim of making these advantages known to you. Its potential value cannot be calculated. Send for it today.

**PRIVATE BANKING IN LUXEMBOURG**

**PRIVACY:** Confidentiality enforced by Luxembourg law. Page 2.  
**TAX ADVANTAGES:** Luxembourg is tax free for non-resident depositors and investors. Page 2.  
**PERSONAL ATTENTION:** Multilingual staff. You will know the name of the officer directly responsible for your account. Page 3.  
**ACCOUNT SERVICES:** Interest bearing Currency Accounts, Checking Accounts, Special Call Accounts and Time Deposits in various currencies. Interest is linked to money market rates. Page 3.  
**SECURED LENDING:** Cash loans on demand and Leveraged Loans against deposits or securities held by the Bank. Page 4.  
**REMITTANCES:** may be made by cheque, bank transfer or mail. Page 5.  
**CUSTODY & INVESTMENT ACCOUNTS:** including Portfolio Management, Precious Metals. Page 6.  
**SIMPLE ACCOUNT OPENING PROCEDURES:** complete application forms enclosed with brochure.

Post this coupon for your free copy of 'Private Banking in Luxembourg'

Name \_\_\_\_\_

Address \_\_\_\_\_

**BANK OF BOSTON**  
THE FIRST NATIONAL BANK OF BOSTON

PO Box 209, 41 Boulevard Royal, Luxembourg City, Luxembourg.  
Telephone: 477 9251, Cahle: The First Boston. Telex: 2597.

## U.S. Navy Tests Cruise Missile In Atlantic Ocean

The Associated Press  
WASHINGTON — The U.S. Navy staged its first Atlantic Ocean test of an anti-ship Tomahawk cruise missile on Saturday, successfully launching it from a submerged submarine against a target bulk 175 miles (280 kilometers) away.

Captain Carol Schalkham, a spokeswoman for the Defense Department's joint cruise missile project office, said a parachute recovery system aboard the missile was activated upon the completion of the flight to avoid a direct hit.

The low-flying missile, which was not equipped with a warhead, was safely recovered and will be refurbished for use again after data from the flight is analyzed, she said. The test flight, the 133d of a Tomahawk, was conducted at the Atlantic Fleet weapons sea test range north of St. Thomas, Virgin Islands.

Anti-ship versions of the missile are equipped with conventional warheads. Those equipped to strike land targets can be fitted with nuclear warheads. Navy officials said that Tomahawks are now aboard the battleships New Jersey and Iowa and some submarines.

The anti-ship versions of the missile were first deployed on surface ships in March 1983 and aboard submarines last November. A 1,500-mile-range nuclear land-attack version was put into operation for the first time in June aboard four submarines.



# Herald Tribune

Published With The New York Times and The Washington Post

## Teamwork in Jerusalem

The stalemate brought about by the inconclusive Israeli elections of July 23 has been broken, finally, by an agreement between the two major parties to share power in a so-called national unity government. A new government could be in place in a week. It sounds crazy that Labor and the outgoing Likud, so long at war, could agree to trade off the prime ministership (first Labor's Shimon Peres, then the Likud incumbent, Yitzhak Shamir) after two years, divide the ministries and otherwise suspend bloodletting. Lack of an acceptable alternative produced the bizarre structure with which Israelis will experiment now.

The rationale is hope that the new dispensation will allow the small parties, which demand exorbitant political payoffs for participating in a government with one or the other large party, to be trimmed to size. It may even permit electoral reform that reduces the weight of those small parties permanently.

Meanwhile, so optimists suggest, Labor and Likud working together will be better able than either governing alone to impose the severe austerity that everyone agrees — in principle — is essential to tame the country's galloping economic crisis. In principle? The timid governments and ardent consumers familiar in Israel do not build confidence in its capacity to slay the monster of indecision, which currently protects most citizens' standard of living, or to slink the subsidies that assure the inefficiency of many enterprises.

In foreign policy, a national unity government may institutionalize bipartisanship — or inertia. During the campaign, some of the sharper edges were filed off the two parties' formal disagreements. There may be a working consensus now, for instance, to continue but to cut back on new West Bank settlements. On negotiations, Labor's and Likud's differing tendencies are rendered somewhat academic by King Hussein's hesitancy, the PLO's fragmentation and the West Bankers' confusion; currently there is no Arab negotiating partner. On Lebanon, continuing casualties long ago forged a common interest in ending the Israeli occupation as soon as some workable combination of Lebanese and United Nations forces can be put together on the ground.

In this American election season there is no impulse in the United States to disrupt relations with Israel. The Reagan administration has taken the occasion of the Arab-Israeli diplomatic lull to work up plans to help Israel put its economy on a steadier footing. This is worth doing if it involves more than pouring in extra subsidies, enabling Israel to avoid its own hard choices and adding an extra and unneeded level of concern to a U.S.-Israeli relationship that is difficult enough to manage as it is. Sooner or later, however, America is going to have to get back to the Israeli-Palestinian question, which is in partial eclipse at the moment but still alive and unresolved.

—THE WASHINGTON POST.

## Democracy Is Tolerance

President Reagan said at a prayer breakfast in Dallas last month: People who resist the imposition of prayer in public schools are "attacking religion" and "frustrating the will of the great majority of Americans."

He told a B'nai B'rith convention in Washington last week: The Constitution "makes sure that every single American is free to choose and practice his or her religious beliefs or to choose no religion at all. Their rights shall not be questioned or violated by the state."

There is a contradiction here, evident to those who choose no religion at all, plus many Catholics, Jews, Protestants and others. What would Mr. Reagan advise them to do when their children are ridiculed for not participating in "voluntary" school prayers? Does he, truly, think they are free to go out and resist such religious practices? Or does he think, as he said in Dallas, that if they resist it is they who are guilty of intolerance?

Intolerance: That is the word that burns beneath all the smoke about religion and politics, a coupling that offends neither church nor state. There is plenty of religion in politics — and ought to be. People in a democracy should act on their social values, whether derived from religious faith or secular sources.

Churches have long preached the social gospel. They have been prominent in the civil rights movement, in the Vietnam resistance, in anti-nuclear campaigns, even in partisan campaigns like the Reverend Jesse Jackson's run for the Democratic presidential nomination.

It is no offense to the Constitution that, in place of the social gospel, other churches now preach social Darwinism or inveigh on behalf of spending billions for new weapons and against spending any federal dollars for abortion. The danger comes from people who are so sure they're right, who insist that they alone represent the one true political faith.

who revile the other side as godless, intolerant obstructionists. President Reagan has come close to expressing just such certitude.

He did seem to moderate his views on Thursday before the B'nai B'rith, but just two days before, speaking to the American Legion, he was still dividing the world into children of light and children of darkness: "What some would do is to twist the concept of freedom of religion to mean 'freedom against religion.'"

Religionists have every right to lobby for causes, to run for office, to criticize with vehemence — but not to misrepresent their opponents or to ridicule their motives. Indeed, these rights carry with them a responsibility to respect other views. In short, tolerance: the vital insulator of democracy, the cushion that softens the sharp collisions between different views and faiths and enables all Americans to live together in reasonable harmony.

Mr. A may strongly support capital punishment yet feel passionately that abortion is murder. Mrs. B may disagree with equal passion on both counts and demand of Mr. A, "Death is death. Why can't you see the inconsistency in your positions?" There are times when devout practitioners of one creed, although completely sure they are right, confront equally tenacious believers of the opposite. In this free society, the practical, not to mention moral, mechanism is tolerance.

Did it ever occur to the president that opponents of school prayer might have worthy motives and are not out to frustrate "the great majority"? Or that they might be right? And even if not, did it ever occur to him that their views deserve their president's respect? That would be tolerance. Or, as Learned Hand, the legendary jurist, said during the dark days of World War II: "The spirit of liberty is the spirit that's not too sure it's right."

—THE NEW YORK TIMES.

## Other Opinion

### Reagan on Nuclear Weapons

President Reagan's promise to try to "eliminate" nuclear weapons in a second term is not to be taken too seriously. There is little prospect of it happening. And, noble a sentiment as it is, it is not an entirely sensible objective. The temptation to the other superpower to make a pre-emptive strike in some other technology — laser, chemical or biological weapons — would be increased, and the world might be a more rather than a less dangerous place. Nonetheless there is enormous scope for a cut in nuclear arsenals while retaining the balance of terror.

—The Sunday Times (London), commenting on Mr. Reagan's remarks to its editor, Andrew Neil. [See story on Page 3.]

### Helping Latin America Cope

Latin America is hanging on. Although there was a one-day general strike in Argentina on Sept. 3, and two days of disorder in Chile, there is still little sign of a much-feared general political explosion throughout Latin America. High unemployment and sharp cuts in real wages because of the region's foreign debt crisis continue. But the end is not nigh. Latin America's democracies are mostly improving

their economic performance at great social and political cost and by squeezing their imports (although some countries are starting to increase their imports again). Argentina remains the chief exception to this improving trend.

Talk of a debtors' cartel is receding. Bankers have been encouraged to think of multi-year rescheduling of debts from Mexico, Brazil and possibly Venezuela. Interest [is] being trimmed. The United States and Britain are holding back from multi-year rescheduling of government debts. Do not let fellow democracies south of the Rio Grande deserve a better deal?

—The Economist (London).

### North Korea Assails Japan

The Japan trip of [South Korean President] Chun Doo Hwan was an out-and-out sellout trip, obscuring the renunciation of our country, aggravating the situation on the Korean peninsula, increasing the danger of war and accelerating the dependence of South Korea upon Japan. Towering crimes committed by Japanese imperialism against our people cannot be hushed up with such words as "unhappy past" and "regret." We retain the right to demand material compensation.

—Rodong Sinmun (Pyongyang), the official North Korean party organ.

## FROM OUR SEPT. 10 PAGES, 75 AND 50 YEARS AGO

**1909: A Railroad Genius Dies**  
PARIS — After a steadily progressing illness, Mr. Edward H. Harriman died [on Sept. 9] at his home at Arden, near Tuxedo, New York. The whole nation, and even the whole world, had its attention daily directed toward the achievements, the wealth and the power of this man whose career was one of the most amazing in the history of American business. The son of a poor clergyman, Mr. Harriman went while yet a boy into Wall Street to make his fortune. He prospered, but was past forty years of age before his name became known outside of his own business circle. Then his famous reorganization of the Chicago and Alton Railroad revealed a new financier, as his rebuilding of the Union and Central Pacific revealed a new genius in railroad.

**1934: Liner Burns; 225 Feared Dead**  
NEW YORK — The list of dead and missing from the disastrous fire aboard the Ward Line Morro Castle [on Sept. 8] was estimated at 225 as the smoldering hull of the once palatial and luxurious craft, now resting on the beach at Ashbury Park, continued to hold the secret of the origin of the blaze which, within a space of two hours, brought on one of the most tragic maritime disasters in the history of American shipping. Latest figures from New Jersey coast towns, where survivors were landed or swam ashore, and from inbound rescue ships indicate that 333 of the 558 souls aboard when the liner cleared from Havana for New York were saved. Of the 318 passengers, 134 are now reported as lost, while 91 of the 240 members of the crew perished.

## INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER  
Co-Chairmen

LEE W. HUBNER, Publisher  
Executive Editor: RENÉ BONDY  
Editor: ALAIN LECOUR  
Managing Editor: FRANÇOIS DESMAISONS  
Deputy Editor: RICHARD H. MORGAN  
Assistant Editor: STEPHAN W. CONWAY  
Director of Operations  
International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Telephone: 747-1265. Telex: 612718 (Herald). Cables: Herald Paris.  
Directeur de la publication: Walter N. Thayer.  
Asia Headquarters: 24-34 Hennessy Rd., Hong Kong. Tel: 3-285618. Telex: 61170.  
Managing Dir. U.K.: Robin McKelvey, 81 Long Walk, London WC2. Tel: 835-4802. Telex: 262009.  
U.S. edition: 1-200-000-1. U.S. edition: 1-200-000-1. U.S. edition: 1-200-000-1.  
U.S. subscription: \$300 yearly. Second class postage paid at Long Island City, N.Y. 11101.  
© 1984, International Herald Tribune. All rights reserved.



## Only a Supranational Agency Can Bring Security

By Jan Tinbergen

This is the third of three articles.

THE HAGUE — An important element of today's international situation is the uncertainty that each superpower feels about the real policy aims of the other. Are they compatible with the slogans it uses to motivate its soldiers (patriotism or democracy), or does each side aim to propagate its social order?

We may recall the historic role of patriotism. As long as it is defensive on both sides, no harm can be done, but this is not so when we claim that the best defense is attack.

Suppose we assumed that what was really at stake was the social order: One aim of the Soviet Union's international policy is to spread the communist order, and a U.S. policy aim is to maintain the capitalist order. But both formulations are incorrect.

The Soviet order is not completely communist. Private enterprise is maintained in some sectors; farmers can expand part of their labor on private plots of land; some personal services can be supplied privately. In

the United States a number of activities are in the public sector and socialist elements are present in social insurance. Pure communism and pure capitalism do not work and hence no longer exist.

So the question is not qualitative but quantitative: What mixture of the two systems is best?

At the 1976 Berlin meeting of communist leaders it was agreed that each nation might choose "its own path to socialism." In line with this principle the Hungarian way is clearly different from the Soviet way.

There are good reasons to think not only of different ways but also of different goals — or, better still, to be aware that goals do not exist as something static. Societies will develop; they will not stop moving at some time in the future.

Different people have different

preferences. This applies not only to individuals but also to the average that represents a nation's preference. Germanic and Anglo-Saxon nations seem to like a discipline more than do Latin or Arab peoples, who are more individualistic. So differing "shades" of socialism will be preferred.

The remarkable selection out of European nations that has constituted the American population is not a representative sample. The active or enterprising features are clearly more dominant than in the original European forefathers. This also is true of the Chinese who emigrated compared with those who stayed in China.

In matters of development one of the most remarkable peoples has been the Japanese. In the past half century their economic development has been twice as rapid as that of the other present developed countries,

and they are now close to the top of economic performance. Half a century ago few if any Western "experts" on Japan anticipated that development. This should be a moderating consideration when opinions on developing countries are formulated.

In several respects Japanese society shows socialist features. Income inequality is considerably less than in the United States; industrial democracy is more developed than in America or most of Europe.

One of the important contributions to the discussion on socialism was Karl Marx's preference for a scientific approach to the study of social development. But scientific thinking itself develops, shifting continually as a consequence of new facts and insights derived from scientific research. We should not stick to scientific knowledge as it was in 1850, but apply current thinking. Adhering to ideas of 1850 would not be scientific.

Two important facts that were unknown to Marx or Lenin are the production of nuclear energy and pollution of the environment. Both are of primordial importance to our future. Nuclear war or large-scale pollution could mean an end to human life on Earth. Thus, a new priority has developed as a precondition to changing the social order — that neither a nuclear war nor intensive pollution, such as acid rain or other intoxication of our environment, should interfere with socioeconomic policies.

The prevention of these disasters sets some limits on what instruments of socioeconomic policy can be applied. Expressed more positively, the prevention of these disasters requires the creation of institutions, as elements of our socioeconomic order, of a supranational character.

The clearest modern example is the prevention of pollution. This can be organized only by an agency of supranational character deciding on the use or non-use of certain types of fuel and vested with the policing power needed to enforce such decisions. Most of the present forms of international cooperation — treaties between sovereign states — do not guarantee the execution of decisions. The need to create supranational agencies is an extremely important message to politicians that must be addressed first of all to the superpowers. It should also be the subject of thorough analysis by scientists. It has been applied in only a few cases because the opposite idea, national sovereignty, has enormous, although irrational, appeal. The most interesting supranational agency was the European Coal and Steel Community. Another important example would be the proposed supranational authority under the new law of the sea.

The unavoidable conclusion is that world security is a subject that can be dealt with seriously only by a supranational agency. Its importance is such that negotiations on the scale of those on the law of the sea are fully justified. This, then, is the challenge to a solution of the East-West issue.

Will the superpowers be able jointly to create such a supranational agency? Can the UN Security Council be so reorganized as to become a truly supranational agency — without veto power for each member, and with a world peace force?

To those who reject such an instrument as unrealistic — as an overwhelming majority of politicians do — I would respond that Mr. Anderson himself has not studied the history of nuclear deployments very carefully.

The notion of a strict action-reaction cycle of arms buildups does not hold water. The Russians exploded their first atom bomb only four years after Hiroshima. While it may be that Stalin intensified his program after the disclosures of U.S. explosions, there can be no doubt that the Soviets were working on nuclear weapons development almost as early as America. Both sides got wind of the technology from German scientists.

The move from atom to hydrogen bombs was a logical, if unwelcome, technical step for both sides. The Russian cruise missile program dates

## The Issue In America Is Reagan

By James Reston

WASHINGTON — The longer this American election campaign goes on, the more apparent it is that Ronald Reagan is the main issue.

The Republicans are counting on it to win in November. The Democrats are divided on the prudence of attacking the president personally, but Walter Mondale is gradually coming to the view that the president's competence and theatrical illusions must be brought under sharper scrutiny.

Mr. Reagan is vulnerable on at least four basic questions: his ability to get the nuclear arms race and the budget deficits under control, his partiality toward the rich and his determination to appoint friends and ideological conservatives to key executive and judicial positions.

He has recently been speaking more about peace and arms control, but his relations with the Russians have deteriorated so far in three years that his chances of relieving the nuclear menace are questionable at best.

Mr. Mondale has raised the sums and debt issues but has not brought them down to the harsh reality they deserve. The facts are clear enough. While Mr. Reagan tours America talking about how much stronger and safer it is than in 1980, the truth is that every day the Soviet Union now produces three and a half new nuclear weapons, the United States produces one and a half new nuclear weapons and the interest on the present U.S. debt alone now costs the nation \$300 million more every day.

"You ain't seen nothing yet," he proclaimed in his Labor Day speech. What we "ain't seen" is the consequences of these alarming statistics or of the Supreme Court and other appointments he is likely to make if he is re-elected for another four years.

What we have seen is a series of one-act plays or vaudeville acts by an accomplished actor.

The other day, Hugh Downs of Time magazine asked the president: What about a poverty-stricken young black in a ghetto with no father, no money, no education, no hope?

Mr. Reagan replied: "I know this is oversimplification, but it's the only way to answer the question. Basically the Democratic Party has said, 'We'll take care of you. We'll see you have food and shelter.' But then what? He is as beholden to the government institution as he was beholden in slavery to the fellow who lived in the big house on the hill. Our party is saying to them: 'We want equality of opportunity. The only barrier will be within yourself as to your own ability to achieve your dreams.'"

One day the president talks in this vein and the next day he says that "our lives are here to serve others and to make a better world for others." One day he denounces the Soviet leaders as cunning men who prey over an "evil empire" and will lie or cheat or do anything else to achieve their objectives of world domination. And he is then surprised when the Russians ignore his hopes for banishing all nuclear weapons from the world, if not from outer space.

There is no coherence to this jumble of good intentions and dreamy prospects. He talks personally about reducing the influence of government on personal life, but he wants organized prayer in the public schools and federal funds for parochial schools.

He opposes abortion, budget deficits and the Equal Rights Amendment for women, but he presides over the largest deficit in history. All this while calling for a constitutional amendment requiring a balanced budget, and demanding that Congress enhance his power to veto any item in any bill passed by Congress.

It is no wonder that a candidate with such a riot of policies should be the main issue in the election campaign. The wonder is that Mr. Mondale has been so ineffective in campaigning against him, and that the president, at his age, promising more of the same, should still be so far ahead in the popularity polls.

Will this change in the next two months? Not unless reading and thinking suddenly become popular. It is permitted to criticize all candidates, but not to criticize the voters. It is assumed that they are studying the issues rather than the personalities involved, but there is little evidence to support this assumption.

What we are seeing so far in this campaign is a triumph of personality over policy, of political television advertising over substance and of wishes over realities. But you can't blame Mr. Reagan entirely for all this. He probably will — deny the facts of the sums rose or the deficits. He jokes about his age and bombing the Russians, and adds, "You ain't seen nothing yet." On this point, he is probably right, but nobody quite knows whether this is a promise or a threat.

The New York Times.

## LETTERS TO THE EDITOR

### Parallel Nuclear Tracks

"Are we willing," John Anderson asks in "Halt This Action-Reaction Nuclear Race" (Aug. 29), "to be students of history or are we simply going to relive our past mistakes?" I would respond that Mr. Anderson himself has not studied the history of nuclear deployments very carefully.

The notion of a strict action-reaction cycle of arms buildups does not hold water. The Russians exploded their first atom bomb only four years after Hiroshima. While it may be that Stalin intensified his program after the disclosures of U.S. explosions, there can be no doubt that the Soviets were working on nuclear weapons development almost as early as America. Both sides got wind of the technology from German scientists.

The move from atom to hydrogen bombs was a logical, if unwelcome, technical step for both sides. The Russian cruise missile program dates

from the 1950s and was not spurred by the U.S. program of the 1970s, as Mr. Anderson asserts. Even the oft-cited example of MRV deployment is misleading. Despite Moscow's professed wish to halt a technology in which America had the lead, it had been vigorously pursuing its own MRV program since the early 1960s.

As for strategic defense, the Russians have long considered it, in the words of analyst Michael J. Deane, "an essential integral element of their military force structure." Soviet outlays on strategic defense increased from five times U.S. outlays in 1960 to 25 times the U.S. figure in 1970, and they continue to rise, despite the ABM treaty. The simple fact is that the Russians have proceeded to develop their technology even though there has been no concurrent program to spur them on.

This suggests that, rather than

(Continued on Page 5)







Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Crédit Suisse-First Boston  
Prices may vary according to market conditions and other factors.

Asset	Security	Yield	Vol	Rate	Pct	Ind	Pct	Yield
000	Barclays Bank	8	1	71	Sec	4	188	824
001	Equity Capital Supply	8	1	71	Sec	4	188	824
002	Wells Fargo	17	16	74	Sec	9	183	860
003	Equity Capital Supply	17	16	74	Sec	9	183	860
004	Wells Fargo	17	16	74	Sec	9	183	860
005	Wells Fargo	17	16	74	Sec	9	183	860
006	Wells Fargo	17	16	74	Sec	9	183	860
007	Wells Fargo	17	16	74	Sec	9	183	860
008	Wells Fargo	17	16	74	Sec	9	183	860
009	Wells Fargo	17	16	74	Sec	9	183	860
010	Wells Fargo	17	16	74	Sec	9	183	860
011	Wells Fargo	17	16	74	Sec	9	183	860
012	Wells Fargo	17	16	74	Sec	9	183	860
013	Wells Fargo	17	16	74	Sec	9	183	860
014	Wells Fargo	17	16	74	Sec	9	183	860
015	Wells Fargo	17	16	74	Sec	9	183	860
016	Wells Fargo	17	16	74	Sec	9	183	860
017	Wells Fargo	17	16	74	Sec	9	183	860
018	Wells Fargo	17	16	74	Sec	9	183	860
019	Wells Fargo	17	16	74	Sec	9	183	860
020	Wells Fargo	17	16	74	Sec	9	183	860
021	Wells Fargo	17	16	74	Sec	9	183	860
022	Wells Fargo	17	16	74	Sec	9	183	860
023	Wells Fargo	17	16	74	Sec	9	183	860
024	Wells Fargo	17	16	74	Sec	9	183	860
025	Wells Fargo	17	16	74	Sec	9	183	860
026	Wells Fargo	17	16	74	Sec	9	183	860
027	Wells Fargo	17	16	74	Sec	9	183	860
028	Wells Fargo	17	16	74	Sec	9	183	860
029	Wells Fargo	17	16	74	Sec	9	183	860
030	Wells Fargo	17	16	74	Sec	9	183	860
031	Wells Fargo	17	16	74	Sec	9	183	860
032	Wells Fargo	17	16	74	Sec	9	183	860
033	Wells Fargo	17	16	74	Sec	9	183	860
034	Wells Fargo	17	16	74	Sec	9	183	860
035	Wells Fargo	17	16	74	Sec	9	183	860
036	Wells Fargo	17	16	74	Sec	9	183	860
037	Wells Fargo	17	16	74	Sec	9	183	860
038	Wells Fargo	17	16	74	Sec	9	183	860
039	Wells Fargo	17	16	74	Sec	9	183	860
040	Wells Fargo	17	16	74	Sec	9	183	860
041	Wells Fargo	17	16	74	Sec	9	183	860
042	Wells Fargo	17	16	74	Sec	9	183	860
043	Wells Fargo	17	16	74	Sec	9	183	860
044	Wells Fargo	17	16	74	Sec	9	183	860
045	Wells Fargo	17	16	74	Sec	9	183	860
046	Wells Fargo	17	16	74	Sec	9	183	860
047	Wells Fargo	17	16	74	Sec	9	183	860
048	Wells Fargo	17	16	74	Sec	9	183	860
049	Wells Fargo	17	16	74	Sec	9	183	860
050	Wells Fargo	17	16	74	Sec	9	183	860
051	Wells Fargo	17	16	74	Sec	9	183	860
052	Wells Fargo	17	16	74	Sec	9	183	860
053	Wells Fargo	17	16	74	Sec	9	183	860
054	Wells Fargo	17	16	74	Sec	9	183	860
055	Wells Fargo	17	16	74	Sec	9	183	860
056	Wells Fargo	17	16	74	Sec			

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

GREECE				ICELAND			
5.20	Public Power Corp.	96 15 Dec	Wtr	13.70	13.56	1.37	
IRELAND							
5.15	Irishland	56 25 Feb	Wtr	5.65	17.22	5.21	
5.18	Irishland	9 7 Feb	Wtr	5.65	16.82	5.05	
5.20	Irishland	9 7 Feb	Wtr	5.65	16.82	5.05	
5.18	Irishland	22 12 Dec	Wtr	5.65	16.82	5.05	
IRELAND							
5.15	Irishland	9 7 Feb	Wtr	5.65	17.22	5.21	
5.18	Irishland	9 7 Feb	Wtr	5.65	16.82	5.05	
5.20	Irishland	9 7 Feb	Wtr	5.65	16.82	5.05	
ITALY							
5.08	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.10	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.12	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.14	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.16	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.18	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.20	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.22	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.24	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.26	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.28	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.30	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.32	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.34	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.36	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.38	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.40	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.42	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.44	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.46	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.48	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.50	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.52	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.54	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.56	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.58	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.60	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.62	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.64	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.66	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.68	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.70	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.72	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.74	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.76	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.78	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.80	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.82	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.84	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.86	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.88	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.90	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56	1.37	
5.92	Alfa Romeo	26 25 Apr	Wtr	13.70	13.56		

[illegible][illegible][illegible][illegible][illegible]

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2
--	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	---

[illegible][illegible][illegible][illegible]

**London**  
Westdeutsche Landesbank, 41, M  
Telephone 638 6141 · Telex 887 98

**Luxembourg**  
WestLB International S.A., 32-34, b  
Luxembourg, Telephone 44741 · 43 ·

**Hong Kong**  
Westdeutsche Landesbank, BA Tower,  
Hong Kong, Telephone 5-8420 288 · Te

[illegible][illegible]

AUSTRALIA			
den 129	Australia	74	80
den 130	Australia	80	80
den 131	Australia	80	80
den 132	Australia	80	80
den 133	Australia	80	80
den 134	Australia	80	80
den 135	Australia	80	80
den 136	Australia	80	80
den 137	Australia	80	80
den 138	Australia	80	80
den 139	Australia	80	80
den 140	Australia	80	80
den 141	Australia	80	80
den 142	Australia	80	80
den 143	Australia	80	80
den 144	Australia	80	80
den 145	Australia	80	80
den 146	Australia	80	80
den 147	Australia	80	80
den 148	Australia	80	80
den 149	Australia	80	80
den 150	Australia	80	80
den 151	Australia	80	80
den 152	Australia	80	80
den 153	Australia	80	80
den 154	Australia	80	80
den 155	Australia	80	80
den 156	Australia	80	80
den 157	Australia	80	80
den 158	Australia	80	80
den 159	Australia	80	80
den 160	Australia	80	80
den 161	Australia	80	80
den 162	Australia	80	80
den 163	Australia	80	80
den 164	Australia	80	80
den 165	Australia	80	80
den 166	Australia	80	80
den 167	Australia	80	80
den 168	Australia	80	80
den 169	Australia	80	80
den 170	Australia	80	80
den 171	Australia	80	80
den 172	Australia	80	80
den 173	Australia	80	80
den 174	Australia	80	80
den 175	Australia	80	80
den 176	Australia	80	80
den 177	Australia	80	80
den 178	Australia	80	80
den 179	Australia	80	80
den 180	Australia	80	80
den 181	Australia	80	80
den 182	Australia	80	80
den 183	Australia	80	80
den 184	Australia	80	80
den 185	Australia	80	80
den 186	Australia	80	80
den 187	Australia	80	80
den 188	Australia	80	80
den 189	Australia	80	80
den 190	Australia	80	80
den 191	Australia	80	80
den 192	Australia	80	80
den 193	Australia	80	80
den 194	Australia	80	80
den 195	Australia	80	80
den 196	Australia	80	80
den 197	Australia	80	80
den 198	Australia	80	80
den 199	Australia	80	80
den 200	Australia	80	80

(Continued on Page 8)

regate, London EC2R 6AE/UK

---

levard Grande-Duchesse Charlotte,  
ex 1678

---

th Floor, 12 Harcourt Road,  
75142 HX

---

Bonds **WestLB**  
eutsche Landesbank

**WestLB**  
Eurobonds · DM Bonds · Schuldscheine  
for dealing prices call

**DÜSSELDORF**  
Westdeutsche Landesbank, **Head Office**, P.O. Box 1128, 4000 Düsseldorf 1  
International Bond Trading and Placement: Telephone 6 26 3122/8 26 3741  
Telex 8 561 851/8 561 682

---

**London**  
Westdeutsche Landesbank, 41, Moorgate, London EC2R 6AE/UK  
Telephone 638 6141 • Telex 887 984

---

**Luxembourg**  
WestLB International S.A., 32-34, boulevard Grande-Duchesse Charlotte,  
Luxembourg, Telephone 44741-43 • Telex 1678

---

**Hong Kong**  
Westdeutsche Landesbank, BA Tower, 36th Floor, 12 Harcourt Road,  
Hong Kong, Telephone 5-8420 288 • Telex 75142 HX

---

Marketmakers in Deutschmark Bonds **WestLB**  
Westdeutsche Landesbank



# Herald Tribune BUSINESS/FINANCE

MONDAY, SEPTEMBER 10, 1984

Page 7

## EUROBONDS

### U.S. Borrowers Return As Summer Lull Ends

By CARL GEWIRTZ  
International Herald Tribune

PARIS — The summer lull in the Eurobond market ended with a bang last week, with U.S. companies alone offering a face amount of \$1.35 billion worth of new issues. In addition, foreign borrowers launched offers worth \$760 million and the equivalent of another \$530 million in paper denominated in other currencies.

The feature of the week was the return en masse of U.S. borrowers, who have largely refrained from tapping the market pending clarification of the details concerning the midsummer removal of the U.S. withholding tax on interest payments to foreign investors and the new ability of U.S. companies to sell bearer bonds abroad.

The initial thinking about these moves was that they would cause the international dollar bond market for U.S. issuers to move to New York, allowing U.S. investors to manage their money more effectively. But events have clearly demonstrated that, as the U.S. regulations implementing the tax repeal now stand, the Eurobond market has lost none of its competitive advantage.

U.S. borrowers will continue to tap this market so long as it is in their interest to do so — if the cost of money is cheaper, as was the case last week, or if there is a desire or need to reach a wider audience of investors. And European investment banks, such as Credit Suisse First Boston, which monopolized last week's activity as lead manager, remain able to bid for new business.

This is due to the fact that a big portion of the pool of European investors want bond holdings not only tax free but also anonymous in the form of bearer instruments. While domestic bonds of U.S. companies can now be sold tax free, they are offered only in registered form.

THE initial boom in activity last week was triggered by the relative paucity recently of new U.S. paper. This allowed International Business Machines to raise money at a cost, including commissions, of 93 basis points — virtually a full percentage point — below what it would have had to pay in New York. A basis point is one-hundredth of a percentage point. The three-year notes, carrying a coupon of 11 1/2 percent and priced at a discount of 99 1/4 to yield 11.85 percent, were an instant success and the amount of the issue was doubled to \$200 million.

By late week, a rally in the U.S. bond market, fed by an unexpected \$700-million decline in M-1, the narrowest measure of the U.S. money supply, and Federal Reserve action adding cash to the market, triggered a new wave of activity.

A number of analysts viewed the Fed's action and the early Friday news of no change in the U.S. unemployment rate to mean

(Continued on Page 9, Col. 4)

### Banks Balk at Big Cuts Involved in Britoil Plan

By Carl Gewirtz

PARIS — The gradual merging of the syndicated loan market with the international bond market ran into trouble last week when some major banks balked at the substantial cuts they were being asked to accept in their lending charges.

The showdown involved the refinancing by Britoil of a \$400-million syndicated loan arranged in

#### SYNDICATED LOANS

1982. Interest on that eight-year loan had been set at 1/2 point over the London interbank offered rate for the first four years, rising to 3/4 point after that, or 1/4 point over the prime rate of U.S. banks for the first four years, rising to 3/4 point over the prime rate thereafter.

Britoil is repaying \$100 million of that loan and Citicorp, lead manager of the original transaction, is attempting to restructure the remaining \$300 million as a backup line for the issuance of short-term commercial paper.

The aim of the operation is to significantly reduce Britoil's cost of borrowed funds over the six-year life of the new agreement to less than 1/4 point over Libor per year.

A tender panel of 15 banks would be set up to bid for the short-term notes, which the banks could then either keep on their own books or resell to institutional investors. There are no restrictions on the bidding: Each panel member could bid whatever it wanted and Britoil would have the option to accept or reject the terms.

Britoil's fallback, if the terms bid for the commercial paper were unattractive, would be to draw on the

standby credit. The banks would earn an annual facility fee of 1/4 percent, or 1/24 basis points, for holding this credit in readiness. But this fee could be cut to a thin 1/24 basis point if \$150 million or more of the backup credit is actually drawn.

The charge to use the credit is scaled to the amount drawn. On a borrowing from the banks of up to \$100 million, Britoil would pay 10 basis points plus the 1/4-percent facility fee — giving lenders a return of 2 1/4 basis points. The basic lending charge rises five basis points for each additional \$100 million drawn.

Assuming all \$300 million were taken from the banks, the basic charge would be 20 basis points over Libor plus the reduced facility fee of 10 basis points.

Reliable sources report that this was deemed too low and that four of the nine original managers — Manufacturers Hanover Trust, National Westminster, Republic Bank of Dallas and Security Pacific — have dropped out of the project.

The Industrial Bank of Japan has been invited into the deal in the hope of stirring interest among Japanese lenders, and invitations have gone out to other banks to join the management group.

What critics object to is the fact that drawings on the backup credit are not more remunerative. They argue that the implication of the U.S. being unable to market commercial paper at terms it finds acceptable is that it will have run into some kind of difficulty and the cost of drawing on the bank credit should reflect that presumed state of affairs.

The formula these banks seem to

(Continued on Page 9, Col. 4)

### Mexico Unveils Debt Pact

#### Foreign Banks To Weigh Plan

By William J. Orme  
Washington Post Service

MEXICO CITY — Mexico has won an agreement in principle from foreign banks to reschedule payments of \$48.5 billion in government debts over the next 14 years, Finance Minister Jesus Silva Herzog announced.

At a news conference Friday, he noted that the agreement "breaks with orthodoxy to a considerable extent" in its stretched-out amortization plan and in its technical mechanisms designed to reduce interest rates.

The rescheduling was negotiated with a 13-bank steering committee representing Mexico's largest private creditors. It still must be approved by the more than 500 foreign commercial banks owed money by Mexico.

The package covers virtually "everything that is restructurable" in the Mexican public-sector debt, including \$20 billion due between 1985 and 1990, \$23 billion that had already been rescheduled and \$5 billion in 1989 loans.

Instead of the huge \$10-billion payments due next year, Mexico will pay \$250 million, and no payment over \$3 billion will be due until after 1988.

In addition, interest on \$43 billion of the \$48.5 billion, pegged at the U.S. prime rate, will be exchanged for the London interbank offered rate, which historically has been slightly lower.

This will save Mexico nearly \$1 billion in the next two years and about \$350 million annually thereafter, Mexican officials calculate.

The terms set a precedent and will strengthen the bargaining position of other large Latin American debtors, Mr. Silva Herzog said.

While acknowledging that Mexico anticipates some resistance, especially from smaller banks involved primarily in short-term trade financing in Mexico, Mr. Silva Herzog expressed confidence that the transaction will be concluded within a year.

A third aspect of the proposed agreement is a provision permitting creditors to review Mexico's economic progress through government financial documents and the reports it presents annually to the International Monetary Fund.

While the banks would have preferred to supervise Mexico's economic development, the new arrangement would still allow lenders to suspend the restructuring agreement if they believed the country to be heading toward "disastrous" economic circumstances, Mr. Silva Herzog said.



### The Trans-Atlantic Aerospace Split U.S. Companies Push for Ties as Europeans Pull Away

By Axel Kruse

FARNBOROUGH, England — Leading U.S. aerospace companies, led by a renewed drive for independence in Western Europe, are pushing to develop and expand links with their trans-Atlantic counterparts.

Their aim is to participate in Europe's drive for multibillion-dollar projects in such crucial areas as the construction of new fighter aircraft, military helicopters and advanced weapons.

But their efforts could prove difficult. The industries of Britain, France, Germany, Italy and other European countries are working on projects in each of these areas, partly to achieve what they see as more independence from the United States, particularly in the aerospace field.

European industry and government officials point out that the United States has an arms-trade surplus with Europe. That surplus last year exceeded \$1.8 billion, according to North Atlantic Treaty Organization figures.

They also note that Europe wants to preserve jobs in its aerospace industries. About 300,000 workers are now employed, but companies have been hurt by a slowing in export markets for arms, notably in the Middle East and Latin America. Companies have also suffered from intense competition with U.S. military contractors.

At the Farnborough Air Show, which ended Sunday, mock-ups of key European projects, such as a new tactical fighter for the 1990s and an advanced French-German helicopter, were the focus of intense discussion. The latter project alone, assuming it materializes, could generate \$30 billion in orders for European aerospace companies and suppliers.

Europe's new push for independence, aimed at keeping its out of key aerospace markets here, has many of us deeply concerned," said Colin Green, vice president of planning for the Sikorsky aircraft division of United Technologies Corp., the U.S. conglomerate.

In Mr. Green's view, such a move could displace European resources while duplicating basic technology available "across the Atlantic." He also warned that "a nationalistic policy" in Europe could polarize the U.S. and European industries.

Some Europeans echo the concern. Lord Carrington, secretary-general of the North Atlantic Treaty Organization, warned in a speech Wednesday to the Society of British Aerospace Companies: "The defense industries of the alliance will have to learn to work together if in the long run we are going to get the defense equipment that we need at a price that governments can afford."

Despite the obstacles, leading U.S. and European companies said they were determined to develop relationships that, in many cases, could extend beyond established licensing arrangements and involve transferring sensitive U.S. technology to Europe. Some examples evident at the air show included:

- Sikorsky plans to establish a joint industrial-cooperation program in helicopters with Short Brothers PLC, a British aircraft company, if the U.S. company wins a \$250-million contract for 75 to 100 Blackhawk helicopters from the Royal Air Force. Sikorsky also is exploring similar joint ventures for military and civilian helicopters with groups in Spain and Belgium.

"This move is designed to keep us in Europe, against difficult odds," said another Sikorsky executive.

- Textron Inc.'s Bell Helicopter unit and Dornier GmbH of West Germany are to explore several joint projects in undisclosed sectors. Bell has said the projects "would position Dornier as a significant contender for European rotorcraft markets in the latter half of this decade and the 1990s."

Executives said that Dornier, West Germany's second-ranking aerospace company after Messerschmitt-Bölkow-Blom, might participate with Bell in developing new vertical-lift planes for the Pentagon to replace helicopters in the United States starting in 1991. MBB, British Aerospace and France's state-owned Aerospatiale are leading the European effort.

- Pratt & Whitney, the engine subsidiary of United Technologies, is establishing new program-sharing agreements with Kongsberg Vaporsabrikk of Norway and Fiat Aviazione SpA of Italy for its new F404 engine for passenger jets. Executives

(Continued on Page 9, Col. 5)

### Regan Bans Sale Of Bearer Bonds Backed by U.S.

By Jane Seaberry

WASHINGTON — Treasury Secretary Donald T. Regan has banned the issuance of U.S. government-backed, bearer securities by private securities dealers to foreign investors, which had been sharply criticized in Congress.

Mr. Regan said he was prohibiting the issuance abroad in an effort to make tax treatment of all securities consistent and to prevent competition for the federal government in sales of U.S. securities to foreigners.

He made the announcement Friday in letters to Senator Robert J. Dole, a Republican of Kansas, who is chairman of the Senate Finance Committee, and Representative Dan Rostenkowski, a Democrat of Illinois, who is chairman of the House Ways and Means Committee.

A Senate resolution last month condemned the issuance of such unregistered securities. The Senate was concerned that American citizens or residents could evade U.S. taxes by purchasing the bonds, which allow the holder to remain anonymous.

Senator Howard M. Metzenbaum, a Democrat of Ohio, introduced a combining resolution after several members of Congress became concerned about a plan by a group of securities firms and banks to purchase \$1.7 billion of 30-year government bonds and repackage them for sale overseas as bearer securities.

The Treasury Department also had been considering issuing its own bearer bonds directly to raise capital in the lucrative foreign investment market. However, Mr. Regan prohibited the Treasury from issuing them following pressure from Congress.

Instead, the Treasury will issue special registered securities to foreign investors that will keep the identity of the interest and bond recipient secret. However, financial institutions that sell them to foreigners must certify that the purchasers are not Americans.

Bearer bonds are popular abroad, where investors prefer to buy securities anonymously.

Mr. Regan said in his letter to Congress that as a tax-policy matter, a transaction should be "treated according to its substance and not its form."

He said the second reason for his decision "is one of fairness to U.S. government issuers and the taxpayers that ultimately bear the burden of interest paid on U.S. government securities."

"If repackaged U.S. government securities may be issued in bearer

form, they will compete in the marketplace against the U.S. government securities issued directly by the U.S. government issuer.

"If the repackaged security issued in bearer form obtains a lower yield, however, it will not accrue to the benefit of the U.S. government or our taxpayers but will go instead to the private intermediary."

Mr. Regan said the rules of compliance "are carefully designed to provide the maximum protection against evasion of tax by U.S. persons, while permitting U.S. borrowers to obtain efficient access to foreign capital."

All securities backed by U.S. government bonds are covered under the prohibition, Treasury Department officials said.

Such a security will be considered a U.S. government-backed instrument if more than 50 percent of the income or collateral supporting the security consists of income or principal of a U.S. government security, Treasury said.

### U.S. Supported Dollar in May, Fed Discloses

United Press International

NEW YORK — U.S. financial authorities supported the dollar by selling \$135 million in Deutsche marks in May to counter "very disorderly" conditions amid the problems of Continental Illinois Bank and rumors about other large banks, the Federal Reserve Bank of New York has disclosed.

In its semiannual report for six months through July, released Friday, the bank said the intervention on May 24 was the first since March 1981, when an assassination attempt was made on President Ronald Reagan.

The bank acts for the Treasury in foreign-exchange markets.

Sam Y. Cross, executive vice president of the New York Fed, said that in early May "concern deepened in some quarters" over the indebtedness of developing countries and funding problems of Continental Illinois National Bank & Trust Co. associated.

Late in May, rumors circulated that deposits were being withdrawn from a few large U.S. banks with sizable exposures in Latin America, he said.

On the day of the action, he said, "There were very wide spreads, there was wide gaping, it was very disorderly."

### Mexican Pact Contains 2 Innovations

By Carl Gewirtz

PARIS — The details in the rescheduling agreement reached between Mexico and the bank steering committee in New York last week include two innovations that some bankers believe may have far-reaching importance.

One allows non-U.S. banks to switch up to 50 percent of their loans to their local currency. The other is a precedent to allow banks to tie new loans to the financing of exports from their country.

Under the agreement, non-U.S. banks will be permitted to switch up to 50 percent of their dollar loans into other "eligible" currencies over a 42-month period; 40 percent out of the dollar over a 30-month period and 30 percent over 24 months.

The eligible currencies are Austrian schillings, Belgian or Swiss francs, Canadian dollars, Deutsche marks, guilders, European currency units, lire, yen and the British pound.

U.S. banks account for an estimated \$25 billion of the loans owed being rescheduled, or 54 percent of the total. While the breakdown by nationality of other borrowers was not immediately available, a recent

study by Morgan Guaranty Bank of New York said that for the four largest Latin American debtor countries, West German banks hold 5 percent of the loans, Swiss 3 percent, Japanese 15 percent, British 10 percent and French 7 percent.

International bank loans traditionally are multicurrency loans, which permit the borrower to draw in any of a number of currencies. But the vast majority, estimated at more than 80 percent of Mexico's drawings are in U.S. dollars because its major exports, notably petroleum, are priced in dollars.

This currency matching of loans to income reduced any foreign exchange risk for Mexico in repaying non-dollar loans. But it has been costly for Mexico: Dollar interest rates are currently 6 percentage points higher than in Deutsche marks and 7 points higher than Swiss francs and at times this differential has been wider.

In addition, non-dollar debt would have been cheaper to finance and repay thanks to the strong advance in the dollar, currently at highs not seen in over a decade.

While there is some risk now that Mexico may get caught if the dollar plunges after the loans are converted to other currencies, it had

little choice, as non-dollar banks are extremely reluctant to make loan commitments of 14 years in a currency that is not their own.

The significance of this shift in currency composition is that it could have an impact on the foreign exchange market.

The dollar has been pushed to record-high levels because demand exceeds supply by a wide margin. An important part of this demand is a preference by private foreign investors to hold dollar assets. But in all, net foreign purchases of U.S. securities last year totaled only \$10 billion, a mere 25 percent of the outflow of dollars from the United States as measured by its current-account deficit.

One possible explanation for why dollars are so sought after internationally despite the record outflow from the United States is that non-U.S. banks that have borrowed dollars in the Euro market to lend in Latin America are in a cash bind. These loans are not being repaid; the interest income that theoretically is being kept current is actually reloaned as "inventory" new loans and the expected principal repayments have been rescheduled for many years later.

But these non-U.S. banks still

(Continued on Page 9, Col. 1)

### Currency Rates

Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates at 4 P.M. EDT.

	\$	D.M.	F.F.	L.L.	G.M.	S.P.	S.F.	Yen
Amsterdam	1.52	4.28	112.85	36.77	0.1831	5.99	135.61	135.91
Brussels	20.70	76.42	30.175	6.525	3.265	17.852	24.215	24.44
Frankfurt	2.995	2.790	—	32.57	1.622	86.43	4.964	120.25
London (b)	1.237	—	3.907	11.628	2.2517	4.297	75.58	2.189
London (c)	1.237	—	41.59	100.64	—	56.630	30.599	70.78
Milan	1.6125	2.229	2.991	9.191	1.60125	3.3538	60.30	2.694
New York (c)	—	1.1725	—	—	—	—	15.244	1.7225
Paris	9.114	11.651	306.94	—	4.9885	37.230	162.10	1.7225
Tokyo	244.55	212.16	82.45	24.80	1.339	72.69	4.2883	—
Zurich	2.405	2.1573	81.25	—	—	—	—	1.0986
1 ECU	6.7842	6.9092	2.2413	6.8795	1.28047	2.5283	45.121	1.8432
1 Deutsche	1.0074	0.9768	2.9589	9.1645	1.84285	3.2393	60.1545	2.4934

Source: Reuters. 1.2375 Irish c.

(b) Commercial bank rates. (c) Amounts needed to buy one pound. (d) Amounts needed to buy one dollar. (e) Units of 100 (c) Units of 1,000 (f) Units of 100 (g) Units of 1,000 (h) Units of 100 (i) Units of 1,000 (j) Units of 100 (k) Units of 1,000 (l) Units of 100 (m) Units of 1,000 (n) Units of 100 (o) Units of 1,000 (p) Units of 100 (q) Units of 1,000 (r) Units of 100 (s) Units of 1,000 (t) Units of 100 (u) Units of 1,000 (v) Units of 100 (w) Units of 1,000 (x) Units of 100 (y) Units of 1,000 (z) Units of 100 (aa) Units of 1,000 (ab) Units of 100 (ac) Units of 1,000 (ad) Units of 100 (ae) Units of 1,000 (af) Units of 100 (ag) Units of 1,000 (ah) Units of 100 (ai) Units of 1,000 (aj) Units of 100 (ak) Units of 1,000 (al) Units of 100 (am) Units of 1,000 (an) Units of 100 (ao) Units of 1,000 (ap) Units of 100 (aq) Units of 1,000 (ar) Units of 100 (as) Units of 1,000 (at) Units of 100 (au) Units of 1,000 (av) Units of 100 (aw) Units of 1,000 (ax) Units of 100 (ay) Units of 1,000 (az) Units of 100 (ba) Units of 1,000 (bb) Units of 100 (bc) Units of 1,000 (bd) Units of 100 (be) Units of 1,000 (bf) Units of 100 (bg) Units of 1,000 (bh) Units of 100 (bi) Units of 1,000 (bj) Units of 100 (bk) Units of 1,000 (bl) Units of 100 (bm) Units of 1,000 (bn) Units of 100 (bo) Units of 1,000 (bp) Units of 100 (bq) Units of 1,000 (br) Units of 100 (bs) Units of 1,000 (bt) Units of 100 (bu) Units of 1,000 (bv) Units of 100 (bw) Units of 1,000 (bx) Units of 100 (by) Units of 1,000 (bz) Units of 100 (ca) Units of 1,000 (cb) Units of 100 (cc) Units of 1,000 (cd) Units of 100 (ce) Units of 1,000 (cf) Units of 100 (cg) Units of 1,000 (ch) Units of 100 (ci) Units of 1,000 (cj) Units of 100 (ck) Units of 1,000 (cl) Units of 100 (cm) Units of 1,000 (cn) Units of 100 (co) Units of 1,000 (cp) Units of 100 (cq) Units of 1,000 (cr) Units of 100 (cs) Units of 1,000 (ct) Units of 100 (cu) Units of 1,000 (cv) Units of 100 (cw) Units of 1,000 (cx) Units of 100 (cy) Units of 1,000 (cz) Units of 100 (da) Units of 1,000 (db) Units of 100 (dc) Units of 1,000 (dd) Units of 100 (de) Units of 1,000 (df) Units of 100 (dg) Units of 1,000 (dh) Units of 100 (di) Units of 1,000 (dj) Units of 100 (dk) Units of 1,000 (dl) Units of 100 (dm) Units of 1,000 (dn) Units of 100 (do) Units of 1,000 (dp) Units of 100 (dq) Units of 1,000 (dr) Units of 100 (ds) Units of 1,000 (dt) Units of 100 (du) Units of 1,000 (dv) Units of 100 (dw) Units of 1,000 (dx) Units of 100 (dy) Units of 1,000 (dz) Units of 100 (ea) Units of 1,000 (eb) Units of 100 (ec) Units of 1,000 (ed) Units of 100 (ee) Units of 1,000 (ef) Units of 100 (eg) Units of 1,000 (eh) Units of 100 (ei) Units of 1,000 (ej) Units of 100 (ek) Units of 1,000 (el) Units of 100 (em) Units of 1,000 (en) Units of 100 (eo) Units of 1,000 (ep) Units of 100 (eq) Units of 1,000 (er) Units of 100 (es) Units of 1,000 (et) Units of 100 (eu) Units of 1,000 (ev) Units of 100 (ew) Units of 1,000 (ex) Units of 100 (ey) Units of 1,000 (ez) Units of 100 (fa) Units of 1,000 (fb) Units of 100 (fc) Units of 1,000 (fd) Units of 100 (fe) Units of 1,000 (ff) Units of 100 (fg) Units of 1,000 (fh) Units of 100 (fi) Units of 1,000 (fj) Units of 100 (fk) Units of 1,000 (fl) Units of 100 (fm) Units of 1,000 (fn) Units of 100 (fo) Units of 1,000 (fp) Units of 100 (fq) Units of 1,000 (fr) Units of 100 (fs) Units of 1,000 (ft) Units of 100 (fu) Units of 1,000 (fv) Units of 100 (fw) Units of 1,000 (fx) Units of 100 (fy) Units of 1,000 (fz) Units of 100 (ga) Units of 1,000 (gb) Units of 100 (gc) Units of 1,000 (gd) Units of 100 (ge) Units of 1,000 (gf) Units of 100 (gg) Units of 1,000 (gh) Units of 100 (gi) Units of 1,000 (gj) Units of 100 (gk) Units of 1,000 (gl) Units of 100 (gm) Units of 1,000 (gn) Units of 100 (go) Units of 1,000 (gp) Units of 100 (gq) Units of 1,000 (gr) Units of 100 (gs) Units of 1,000 (gt) Units of 100 (gu) Units of 1,000 (gv) Units of 100 (gw) Units of 1,000 (gx) Units of 100 (gy) Units of 1,000 (gz) Units of 100 (ha) Units of 1,000 (hb) Units of 100 (hc) Units of 1,000 (hd) Units of 100 (he) Units of 1,000 (hf) Units of 100 (hg) Units of 1,000 (hh) Units of 100 (hi) Units of 1,000 (hj) Units of 100 (hk) Units of 1,000 (hl) Units of 100 (hm) Units of 1,000 (hn) Units of 100 (ho) Units of 1,000 (hp) Units of 100 (hq) Units of 1,000 (hr) Units of 100 (hs) Units of 1,000 (ht) Units of 100 (hu) Units of 1,000 (hv) Units of 100 (hw) Units of 1,000 (hx) Units of 100 (hy) Units of 1,000 (hz) Units of 100 (ia) Units of 1,000 (ib) Units of 100 (ic) Units of 1,000 (id) Units of 100 (ie) Units of 1,000 (if) Units of 100 (ig) Units of 1,000 (ih) Units of 100 (ii) Units of 1,000 (ij) Units of 100 (ik) Units of 1,000 (il) Units of 100 (im) Units of 1,000 (in) Units of 100 (io) Units of 1,000 (ip) Units of 100 (iq) Units of 1,000 (ir) Units of 100 (is) Units of 1,000 (it) Units of 100 (iu) Units of 1,000 (iv) Units of 100 (iw) Units of 1,000 (ix) Units of 100 (iy) Units of 1,000 (iz) Units of 100 (ja) Units of 1,000 (jb) Units of 100 (jc) Units of 1,000 (jd) Units of 100 (je) Units of 1,000 (jf) Units of 100 (jg) Units of 1,000 (jh) Units of 100 (ji) Units of 1,000 (jj) Units of 100 (jk) Units of 1,000 (jl) Units of 100 (jm) Units of 1,000 (jn) Units of 100 (jo) Units of 1,000 (jp) Units of 100 (jq) Units of 1,000 (jr) Units of 100 (js) Units of 1,000 (jt) Units of 100 (ju) Units of 1,000 (jv) Units of 100 (jw) Units of 1,000 (jx) Units of 100 (jy) Units of 1,000 (jz) Units of 100 (ka) Units of 1,000 (kb) Units of 100 (kc) Units of 1,000 (kd) Units of 100 (ke) Units of 1,000 (kf) Units of 100 (kg) Units of 1,000 (kh) Units of 100 (ki) Units of 1,000 (kj) Units of 100 (kk) Units of 1,000 (kl) Units of 100 (km) Units of 1,000 (kn) Units of 100 (ko) Units of 1,000 (kp) Units of 100 (kq) Units of 1,000 (kr) Units of 100 (ks) Units of 1,000 (kt) Units of 100 (ku) Units of 1,000 (kv) Units of 100 (kw) Units of 1,000 (kx) Units of 100 (ky) Units of 1,000 (kz) Units of 100 (la) Units of 1,000 (lb) Units of 100 (lc) Units of 1,000 (ld) Units of 100 (le) Units of 1,000 (lf) Units of 100 (lg) Units of 1,000 (lh) Units of 100 (li) Units of 1,000 (lj) Units of 100 (lk) Units of



Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financial Credit Sales-First Boston  
Prices may vary according to market conditions and other factors.

CMS	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
L	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
MMB			



## New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield	Price and week	Terms
<b>FLOATING RATE NOTES</b>							
BankAmerica Overseas Finance	\$400	1996	1/2	100	99.80		Over 3-month Libor, Minimum coupon 5.6%, Callable at par in 1986. In denominations of \$50,000. Increased from \$300 million. Commissions 0.30%.
Belgium	\$400	2004	1/2	100	99.25		Over 6-month Libor, Minimum coupon 5.6%, Callable at par on any interest payment date starting in 1985 and redeemable at par in 1999 and 2002. In denominations of \$250,000. Commissions 0.45%.
Citicorp Overseas Finance	\$250	1996	1/2	100	99.28		Over 3-month Libor, Minimum coupon 5.6%, Callable at par in 1986. In denominations of \$50,000. Commissions 0.52%.
Bank of Montreal	\$100	1994	1/2	100	99.48		Over 3-month Libor, Minimum coupon 5.6%, Callable at par in 1989. Commissions 0.30%.
<b>FIXED-COUPON</b>							
Esportfinans	\$360	1994	zero	324	11.96	30.50	Noncallable.
General Mills	\$250	2004	zero	11.05	11.73	10.56%	Noncallable.
IBM Credit	\$200	1987	11 1/4	99 1/4	11.85		Noncallable.
J.C. Penney Financial	\$100	1991	12 1/2	100	12 1/2	98.00	First callable at 101 in 1989.
Morgan Guaranty	\$150	1989	12 1/2	100	12 1/2	98.12	Noncallable.
Nippon Shuppan	\$50	1989	12 1/2	100	12 1/2	98.50	Noncallable.
Wells Fargo	\$100	1991	13 1/4	99 1/4	13.43	97.75	Noncallable.
Asian Development Bank	DM200	1994	8	99 1/2	8.07	98.50	Noncallable.
Copenhagen	ECU20	1994	11 1/2	100	11 1/2		Noncallable. Sinking fund to start operating in 1991 to produce an 8.5-yr average life.
South African Post Office	ECU40	1999	11 1/2	open			Callable and redeemable in 1987, 1990, 1993 and 1996, when new terms will be set. Price to be set Sept. 18.
Denmark	cs100	1989	13	100 1/2	12.89	97.28	Noncallable.
Gaz Metropolitan	cs50	1994	13 1/2	100	13 1/2	97.37	Noncallable.
Maritime Telegraph & Telephone	cs30	1994	13 1/2	100	13 1/2	98.25	Noncallable.
<b>EQUITY-LINKED</b>							
Oki Electric Industry	\$70	1999	3 1/2	100	3 1/2		Semiannually. First callable at 104 in 1987, and redeemable at 105 in 1989. Convertible into company's shares of 805 yen a share, at 4.14% premium. Exchange rate set at 243.80 yen per dollar.
Wacoal	\$50	1999	open	100		98.00	Semiannual coupon indicated at 4%. First callable at 104 after 1987. Conversion premium anticipated at 5%. Terms to be set Sept. 14.

## Mexico Rescheduling Contains 2 Innovations

(Continued from Page 7)

have to pay interest on the dollars they borrowed to make the loan. This creates a gap in the dollar cash-flow requirements of foreign banks that can only be met by borrowing more dollars.

This ever widening demand would be reduced as non-U.S. banks shift their loans to their domestic currency.

As for the new involuntary loans (up to now a quid pro quo for the International Monetary Fund agreeing to provide its own loan), they have been so-called balance-of-payments loans with no strings attached. The last of these to Mexico, earlier this year, was for \$3.8 billion, of which about half has still not been used.

According to bankers who participated in "last week's meetings with the Mexicans, French bankers announced that they could not participate in the new rescheduling unless they were given an option to allocate their share of the updrawn new loan as finance for the purchase of French imports.

In the ensuing dispute among members of the advisory committee, the wording sought by the French was considerably watered down. The commitment they got stated:

"The Mexican government is considering procedures so that the undistributed portion of the 1984 \$3.8-billion credit agreement may be allocated to various [Mexican] public-sector entities prior to June

30, 1985. Procedures to implement this allocation will be communicated separately to the banks party to the credit agreement. The procedures for such allocation will be implemented on a nondiscriminatory basis."

While this falls far short of the goal sought by the French, bankers fear it is an opening that will be exploited in other loan negotiations to ultimately tie participation in new loans to exports from countries whose banks are supplying the loans.

Also worth noting is that banks have only committed in principle to reschedule the \$20 billion of already rescheduled debt falling due between 1988 and 1990. The banks have been given an option not to roll that debt over.

## Fresh Signs That Economy Is Slackening Encourage Market

By James Scerrigold  
New York Times Staff Writer

NEW YORK—With fresh signs that the U.S. economy is slackening, the credit market here maintained its upbeat tone Friday, sending

## U.S. CREDIT MARKETS

ing bond prices moderately higher after Thursday's sharp rally.

The Treasury's 30-year, 12.5-percent bonds rose 9/32 of a point to an offered price of 100 19/32, to yield 12.42 percent. Some short-term interest rates also slipped lower. Federal funds, the reserves that banks lend each other overnight,

fell to 11 7/16 percent late in the day, from an average of 11.71 percent on Thursday.

Following Thursday's brisk rally, the market jumped sharply at the opening Friday in response to an early report that the U.S. civilian unemployment rate was unchanged in August from July at 7.5 percent. The statistic showed that the economy was weaker last month than had been thought, economists said.

"I was surprised by the employment number," Timothy Howard, chief economist for the Federal National Mortgage Association, said. "It's shaping up to have been a

## U.S. Consumer Rates

For Week Ended Sept 7

Pasbook Savings	5.50 %
Time Deposit Savings	10.18 %
Money Market Funds	10.66 %
Bank Money Market Accounts	9.79 %
Home Mortgages	15.01 %

pretty soft August, and that will be constructive for the market."

However, the market's early leap could not be sustained and prices slipped back later Friday. But the

decline did not discourage analysts, who generally said the market did well to hold Thursday's increases.

"If the unemployment figure had not been so constructive, prices would have fallen today," Thomas D. Thomson, chief economist at Crocker National Bank in San Francisco, said. "The economy is slowing, I don't think there is any residual doubt about that."

He added, though, that the market appears to have pushed toward the top end of its current trading range with the recent price increases.

This means, he said, that there will be some resistance to large new

increases, but he said he doubts there will be a big decline soon.

There was also constructive news Friday from the Federal Reserve Board, which reported that business loans at large banks, excluding bankers acceptances, fell by \$630 million in the week ended Aug. 24, to \$238.5 billion.

Unusually strong Friday were the Treasury's 13-percent bonds due 2013, which rose 21/32 to a yield of 95 31/32, for a yield of 12.52 percent. Among shorter-term notes, the Treasury's five-year, 12.75-percent note rose 6/32 of a point, to 99 31/32, for a yield of 12.76 percent.

## Summer Lull Ends With Return of U.S. Borrowers Tug-Of-War In Aerospace

(Continued from Page 7)

that interest rates are not headed higher. This is not an opinion held by all. Some still insist that the rapid pace of U.S. economic activity (the stability of the jobs rate notwithstanding), the domestic demand for credit and the huge financing needs of the Treasury will push rates up.

This would appear to be the view of corporate treasurers, for why else are they rushing to borrow now if they thought interest rates were likely to soon decline?

Nevertheless, there is considerable confusion in the financial markets about where things are headed. In the bond market, prices firmed

and yields declined as the optimists held sway, buoyed by the decline in the cost of overnight money (the federal funds rate) to 11 7/16 percent late Friday from the 11 3/4 percent that had previously prevailed.

But in the foreign exchange market, where the dollar usually slips when interest rates are seen declining, the dollar soared to highs not seen since fixed exchange rates were abandoned in 1973. Against the Deutsche mark, for example, the dollar ended the week at 2.993 DM—up from 2.94 Thursday and 2.89 a week earlier.

The new dollar Eurobonds were not instant successes—a reflection of how tightly priced they were—

but managers expressed satisfaction that the paper would be placed in such event.

This was facilitated by the high quality of the names coming to market: Bank of America and Citicorp in the floating-rate sector; Morgan Guaranty, J.C. Penney and Wells Fargo in the fixed-rate area, and General Mills with a zero-coupon issue.

But some analysts warn that as volume picks up, U.S. issuers will have to be satisfied with much smaller savings over their domestic borrowing costs if international investors are to be wooed. These savings last week ranged from 93 basis points for IBM to 50 for Wells Fargo—exceptionally wide levels, which many bankers say cannot be sustained.

In the past, these savings have run from 25 to 50 basis points and some experts argue that in the future U.S. companies will have to settle for savings of 10 to 30 basis points if they want to harness the full potential of the international market.

The resumed flow of U.S. issues was facilitated by an agreement last week between borrowers and underwriters on the assurances to be given international investors against the possibility that the U.S. tax authorities might one day abandon the now, relatively tax interest-free procedures and insist that bearer-bond purchasers identify themselves as being non-American.

Under the new procedures, U.S. companies are able to sell bearer bonds (no identification of beneficial owner) to investors outside the United States free of any withholding tax on interest payments. U.S. companies were previously only able to do this by going through a circuitous and costly procedure of setting up an offshore financial subsidiary in the Netherlands Antilles.

A standard clause in all Eurobond contracts has always protected investors against the imposition of a withholding tax on interest

payments at the source by calling for immediate redemption of the issue in such event.

But European investors were vexed, now that bearer bonds are sold directly by U.S. parent companies, about the lack of protection for their privacy if at some later date they had to prove they were not U.S. citizens or residents in order to collect their tax-free interest payments. Underwriters now, as in the past, formally undertake not knowingly to offer or sell Eurobonds of U.S. companies to U.S. citizens or residents.

U.S. issuers have now agreed to provide protection for privacy. The form varies, depending on the technical language agreed to in the formal prospectus. In some cases, such a disclosure requirement could automatically require the issuer to redeem the bond at par value. In other cases, only those investors not wishing to identify themselves would have their paper redeemed at par value.

And in some cases the borrower could have the option of paying whatever penalty the Treasury might impose for non-identification in order to keep the issue outstanding. This option might be used, for example, if interest rates soared to 20 percent and a company with a 12-percent bond outstanding found it cheaper to pay the penalty fee, if that option exists, rather than calling the old issue and having to raise new money at much more expense.

The onondollar sectors of the Eurobond market limped along last week: In the Canadian-dollar sector, dealers complained that the volume of new issues far exceeded demand and in the DM sector, bankers were expressing relief that the absence of domestic paper was forcing local investors to turn to the Eurodollar for new investments. West German bankers will meet Tuesday to see what many expect to be a thin calendar for the coming month of about 1 billion DM of new issues.

## Tug-Of-War In Aerospace

(Continued from Page 7)

said the new agreements reflect a shift in company policy.

"What you are seeing at an industry-to-industry level is a determined effort to increasingly share advanced U.S. technology with international partners," said Arthur E. Wegner, president of Pratt & Whitney.

He added that he supports expanded activities of the International Aero Engines consortium, possibly for development of an advanced engine for civilian and military aircraft, known as a propan. IAE, grouping Pratt, Rolls-Royce, Japanese Engines Corp., Fiat Aviazione and West Germany's Motoren-und-Turbinen Union, is developing an engine for airliners with a capacity of about 150 passengers.

General Electric of the United States, which unveiled its version of propan, known as the UDF, is considering whether to invite France's state-controlled SNECMA, among other companies, to participate in development of the UDF. No European companies or governments have indicated that they were attempting to develop a propan on their own.

Both Boeing Co. and McDonnell Douglas Corp. unveiled models or drawings of airliners powered by GE and United Technologies propan. GE and United Technologies propan, which could be in service by 1992. The U.S. industry is believed to have spent well over \$200 million on developing propan, primarily for the National Aeronautics and Space Administration.

Northrop Corp. and Dornier said they were cooperating in studying development of a new tactical fighter in the 1990s for West German military requirements. They emphasized that such an outcome would only result if a European effort to build a plane, involving Britain, France, West Germany, Italy and Spain, fails.

# "Mr. da Vinci,\* could you give us your opinion concerning the countertrade activities of VAIT?"

"During my lifetime I have always attempted to be as creative and original as possible. Indeed, I have heard, that many regard me as being ahead of my time. However, what the people from VAIT have achieved in the countertrading field, is really a masterpiece. The way in which they solve apparently impossible problems is for me exemplary. But then to be successful in this day and age, a trader must possess qualities like theirs. I am tempted to say that even I could have learned a thing or two from VAIT, but don't simply take my word for it, pick up that interesting invention the telephone and talk to VAIT yourself."

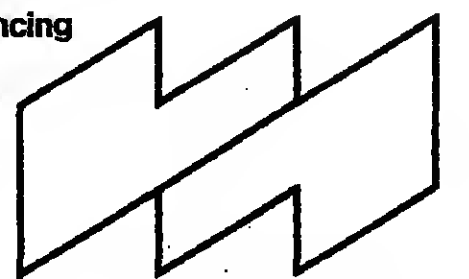
We from VAIT don't wish to add anything except a list of our countertrading highlights:

- countertrade ● barter ● project-financing and refinancing
- escrow-account programs ● buy-back
- clearing and switch ● consultancy and advisory services

Offices in Hong Kong, Beijing, Singapore, Manila, Tehran, Jeddah, Tripoli, Lagos, Buenos Aires, Rio de Janeiro, Caracas, Panama City, New York, London, Berlin, Prague, Warsaw and more than 40 VOEST-ALPINE offices worldwide.

Head Office: VOEST-ALPINE INTERTRADING Ges.m.b.H.  
Postfach 83, A-4041 Linz, Austria  
Schmiedegasse 14, A-4040 Linz 4th floor, Lentia building  
Tel.: (43) 732/2392-0\* Telex: 22511 vai a

... a synonym for aggressive creativity



VOEST-ALPINE  
INTERTRADING















## SPORTS

# Navratilova Wins U.S. Open As Evert Empties Her Arsenal

By John Feinstein

Washington Post Service

NEW YORK — Chris Evert Lloyd threw every shot she had at Martina Navratilova. She hit winners to every corner of the court. She passed Navratilova, she even won a set with a forehand volley. But in the end, it was not quite enough to beat Navratilova, who on Saturday won her second straight U.S. Open tennis championship with a 6-4, 4-6, 6-4 victory in a match that proved the greatness of both players.

In winning her 55th straight match and her fifth straight Grand Slam event, Navratilova had to come from behind against Evert in a match that began near dusk and lasted 1 hour and 47 minutes.

"Martina showed me a kind of a champion she is," Evert told the crowd, which had cheered for her throughout the match. "She came up with great shots on the big points and deserved to win."

"I just reached down and pulled out everything I had in me," Navratilova said. "I probably surprised Chris with how hard I wanted it. I probably surprised myself with how much I really fought."

Said Evert: "I hoped she would have a letdown. I questioned her desire for this tournament. I had my chances, again she put in some big serves and played the big points better than I did."

Navratilova won \$160,000 and Evert won \$80,000. But neither was terribly concerned with money. Each had history in mind: Evert trying to win a seventh U.S. Open title, Navratilova trying to close within one victory of Evert's record for consecutive match victories.

On Friday, Lloyd trounced 16-year-old Carling Bassett, 6-2, 6-2 in the semifinals. Navratilova beat Wendy Turnbull, 6-4, 6-1.

Saturday's match started tentatively after a long wait during the seemingly interminable Pat Cash-Ivan Lendl semifinal. Twilight was setting in. The court was half sun, half shadow and breezy.

Evert had the first chance for a break. It came in the sixth game. At 15-30, Navratilova chipped a backhand just deep.

But Evert still hadn't found her stride. She hit weak service returns on the next two points and let Navratilova out of the game, putting the set at 3-3.

Navratilova broke Evert in the next game at 15, Evert pushing a backhand passing shot long on Navratilova's first break point of the match.

Evert was resolute returning the break quickly in moments, and doing it at love. The break came on a gorgeous cross-court backhand and it began a string in which Evert played as well as she has in years.

Evert held to lead, 5-4, again hitting a superb backhand on game point as the crowd began to show its support.

Then came the game of this tournament, Navratilova serving. It began with Evert driving a backhand pass down the line. At 15-30, Navratilova hit a forehand that slammed the tape, then crawled just over the net as Evert watched helplessly.

Evert then proceeded to hit a forehand winner that whizzed passed Navratilova and hit just inside the line. Now it was set point. But Evert hit a weak backhand re-

turn and Navratilova put it away easily.

It was dense. Evert, who was now in the kind of groove with her backhand that made her the champion of the 1970s, hit another rocket, this one cross court. Again it was set point.

The two women then played a point that will be shown on every highlight film tennis ever put together. Navratilova came in and Evert lobbed over her head. Navratilova chased, and hit a great shot into the corner. Evert hit short, Navratilova came in. Evert went cross court, Navratilova volleyed. Cross court again from Evert and Navratilova barely returned.

Evert rushed in and hit a forehand volley into the open court. It was a winner. It was the first set, 6-4, and fans at Louis Armstrong Stadium were delirious.

In both the second and third sets, Navratilova broke Evert in the third game and both times she did it at love. She did it by aggressively coming in behind every second serve. She did it with remarkable backhand volleys. She did it by backing Evert into the corners of the court and never letting her out.

## McEnroe and Lendl Claw Their Way Into the Final

By Jane Gross

New York Times Service

NEW YORK — From the bright heat of midday to the chilly blackness of a late summer night, the four men's semifinals at the U.S. Open Saturday clawed for the right to meet in Sunday's final, with John McEnroe and Ivan Lendl enduring brilliant challenges from Jimmy Connors and Pat Cash.

With a men's 35-and-over match starting the day's program to accommodate television, and a three-set final between Martina Navratilova and Chris Evert Lloyd wedged between the two semifinals, the marathon 16-day day of tennis lasted 12 hours, 13 minutes. McEnroe played 51 games in 3 hours 45 minutes and Lendl 54 games in 3 hours 39 minutes, prompting questions about how either would recover in time for Sunday's meeting.

McEnroe won his match, 6-4, 4-6, 7-5, 4-6, 6-3, to run his streak of victories over the defending U.S. Open champion to eight and his record this year to 63-2.

Lendl, McEnroe's conqueror at the French Open, where he won his first Grand Slam title, won 3-6, 6-3, 6-4, 6-7, 7-4. Lendl was a finalist here last two years, losing to Connors. McEnroe will be seeking to regain the title he won in 1979, 1980 and 1981.

After Lendl's bruising victory, where he survived the loss of a fourth set tiebreaker, a match point against him at 6-5 in the fifth set and a howling crowd rooting for the 19-year-old Australian, he played five tie and sixth in his illustrious career. "He could have tied me," McEnroe said, "so I had to take matters into my own hands."

Lendl called his match "a roller coaster." McEnroe talked of feeling "like a yo-yo." Cash spoke of "the most unbelievable match of my life." Connors said he gave his "guts, blood, sweat and skin."

Such grace escaped Cash, a temperamental teen-ager. He flung his racket deep into the outside seats at the end of his match and was fined \$2,000 by the Men's International Professional Tennis Council.

Cash's gritty loss ended a summer when he was also a semifinalist at Wimbledon, and the match should catapult him to fame.

**Men's Doubles**  
John Fitzgerald of Australia and Tomas Sandberg of Czechoslovakia won the men's doubles championship at the U.S. Open, defeating the Swedish pair of Stefan Edberg and Anders Jarryd, 7-6, 6-3, 6-3, United Press International reported.



Martina Navratilova, winner, after winning the U.S. Open.

# Dallas Cowboys Jump Back in Saddle With New Owners and Young Blood

By Michael Janofsky

New York Times Service

DALLAS — At first, the tugs of war within the Dallas Cowboys family were almost imperceptible. The owner's health was failing; he needed to settle the estate. The team's confidence in the quarterback was eroding; the younger man yearned for the chance to take over. Recent drafts had been less fruitful than expected; the team was aging.

By the 15th week of the season, it all began to blow open. In the third quarter of a close and critical game against the Redskins, Danny White called an audible, which was clearly not what the coach, Tom Landry, had wanted. The Redskins went on to win handily. The following week in San Francisco, the Cowboys lost by a wide margin again, and in the wild-card playoff game against the Los Angeles Rams in Dallas, they lost once more. Their season was over; not since 1961 had they finished with three consecutive losses.

If this was America's team, America was in trouble.

Then, there was a decision by Clint Murchison, the Cowboys' first and only owner, to sell the team. He left the matter to Tex Schramm, the club president and general manager, in round up new owners. By March, he had. By May, the papers were signed.

And there was the matter of the team itself. "A divided team by the end of the season," according to the safety Dennis Thurman, now a seven-year veteran. "I don't want to dwell on why we were divided, but it became cancerous and affected the entire team."

What the issues had been, by now, is of less importance than what happened because of them. Changes were inevitable, and they are visible within the organization from top to bottom:

• Murchison sold to a partnership of 11 Texans, including Schramm, who remains as the chief operating officer, and H.R. (Bud) Brown, who owns several Texas-based businesses, sits on the board of five companies and spends, by his estimation, "about 5 percent" of his time on the Cowboys.

• The team that began the 1984 season last week with a come-from-

behind victory over the Los Angeles Rams included 14 players who were not Cowboys last season. 12 of whom were rookies. Among those who were to play the Giants on Sunday in Giants Stadium are 16 players who were not Cowboys last December.

• Of those who started last week's opener, six were not starters in the 1983 playoff loss to the Rams. One of the six was Gary Hogeboom, the young quarterback who did nothing less than set a team record by completing 33 passes in a 20-13 victory. The previous record was 31, and it was held by White. Landry, the only coach the Cowboys have ever had, said that replacing White with Hogeboom, a fifth-year quarterback from Central Michigan, was "one of the most difficult decisions" he ever made as coach.

• Over all, a feeling of revitalization and togetherness has overtaken the team. "We seem to be much more motivated," said Ron Sprague, the running back. "We've started to believe in ourselves again so we can show everybody that the Dallas Cowboys are for real again."

If any issue seems to symbolize the differences between the traumatic ending of 1983 and the renaissance feeling of 1984, it is the quarterback. The quarterback of the Dallas Cowboys is, after all, one of the most visible and well-known figures in professional sports. And there have been so few who quarterbacked the team for any amount of time: Eddie LeBaron, Don Meredith, Craig Morton, Staubach, White and now Hogeboom.

The loss to Washington last fall underscored, or at least gave impetus, to a feeling that a change may be in the best interest of the club. Privately, many players expressed a preference for Hogeboom, despite the fact that White's statistical ranking makes him the second-best NFL quarterback of all time. Hogeboom had a better arm, many players thought he could be a better leader.

Landry said his decision to replace White was based on "a feeling" that a change was appropriate for the time being.

Landry stressed that Hogeboom

could lose the job if it became evident to the coaches that he should be replaced. On the other hand, he wouldn't be replaced too quickly.

That certain degree of patience paid off. After stumbling once and throwing an interception in the first quarter against the Rams, Hogeboom settled in and brought the Cowboys back from a 13-0 deficit. He finished his first start since college by completing 33 of 47 passes for 343 yards and 1 touchdown.

None of it particularly surprised Hogeboom. On the sidelines before the game, he walked over in Doug Donley, the wide receiver who became a starter this season after Drew Pearson retired and Butch Johnson was traded. "Three previous seasons with the Cowboys, Donley had only started one game."

"This is what we've been waiting for," Hogeboom said to Donley. "Let's go out there and show them what we can do."

Show them, indeed. Donley caught 9 passes for 137 yards. Landry's decision has left White in virtually the same tenuous position Hogeboom had been in. White was stunned by the change, almost disoriented. He had replaced a legend, Staubach, who had retired. Until those final three games of 1983, he had played well enough. Now, he doesn't quite know what to make of his career.

After two seasons with the Memphis Southern of the World Football League, he joined the Cowboys in 1976 and sat behind Staubach for four years. Now, four seasons later, he is watching from the sidelines again.

So far, he has not reacted to the change with any outbursts or demands. It is clear, however, that he was stung.

"A lot of people I respect have offered me advice and their opinions," White said. "I've heard everything from 'Get out,' to 'Demand to be traded' to the opposite, that things will work out. Right now, I'm trying to sort out what I feel is right and wrong. I have the belief that things will work out for the better, and I have found that it's easier to be patient at this point."

## Lauda Captures Italian Grand Prix

United Press International

MONZA, Italy — Niki Lauda of Austria clinched his grip on the World Driving Championship on Sunday when he shrugged off scaring back pain to steer his McLaren in a crafty victory in the Italian Grand Prix.

Lauda, 35, planned his race from a second-row start to a picture-book finish for his fifth Formula One triumph of the season with just two races left.

The Austrian, who has 63 points, 10.5 ahead of his McLaren teammate Alain Prost of France, bided his time in his turbo-powered McLaren over the 5.1-lap, 295.8-kilometer (184-mile) course. He won in 1 hour 20 minutes 29.065 seconds at an average speed of 137.025 miles per hour.

Prost pulled out with a blown turbo on the fourth lap.

Michele Alboreto of Italy, upholding national hopes on the 5.8-kilometer circuit in his Ferrari, finished 24.249 seconds behind Lauda in second place.

A.J. Foyt's Riccardo Patrese of Italy gave the 100,000-plus crowd further reason to wave the Italian flag with an unexpected third, one lap behind the winner.

Lauda, world champion in 1975 and 1977, picked up his 24th career Grand Prix victory with a brilliant, calculated drive despite a back pain which flared on the sixth lap and worsened.

"The back hurt, but it seems OK now," Lauda said. "The car ran beautifully and it wasn't hard to pass the cars I needed to during the final five laps. It was important for me to get the maximum number of points."

Lauda is tied for third on the all-time list with the legendary Juan Manuel Fangio of Argentina in the number of Grand Prix victories.

Only Jackie Stewart of Britain (77) and the late Jim Clark (25) have won more.

It marked the third time Lauda has won five Grand Prix races in a season.

Lauda made his definitive move on the 39th lap, when he shot his smooth-running McLaren around the struggling Brabham of Teo Fabi, standing second behind the Renault driver Patrick Tambay of France.

Lauda left former Ferrari driver Tambay in his wake three laps later to earn a lead he kept until the end.

"I had planned to make a move in the final 15 laps," Lauda said. "It wasn't tough to pass them (Fabi and Tambay). The car did exactly what it was designed for. It's most important that nothing broke."

Nelson Piquet of Brazil, the Monza winner a year ago, got a taste of his looming disaster on the 13th lap when he spun his Brabham BMW. Two laps later, the pole-sitter went out with a leak in the cooling system, squandering a chance to win a race he led from the start.

By Randy Harvey  
Los Angeles Times Service

LONDON — The highly touted mile race between Said Aouita and Steve Cram at Crystal Palace turned out to be much ado about nothing.

Aouita won in an unspectacular 3 minutes 54.3 seconds. Cram was involved in an accident that left him sprawling on the track, and although he quickly regained his footing, he finished last in the 16-man field.

Although somewhat derailed by Cram's fall, Aouita's victory added an exclamation point to his remarkable season. Besides winning the Olympic gold medal in the 5,000 meters, Aouita, a 23-year-old Moroccan, finished the year with the best times in the world in the 1,500 meters, the 3,000 and the 5,000. The one thing he did not have before Friday night was a victory over Cram, one of the great Britons.

After the Olympics, Aouita went in Zurich in a 1,500 against Sebastian Coe, the Olympic champion. When Coe said he did not want to run against Aouita because the race might become tactical and thus jeopardize the British runner's world-record attempt, the promoter put Aouita in the mile. Even so, Coe did not get the record.

Aouita accused Coe of avoiding him, and it appeared that Cram had the same idea. In a tense press conference Thursday night, however, Cram said that he would face Aouita in the mile here. He added that he would do so reluctantly, and accused the meet coordinator, David Bedford, of pressuring him.

Cram, who had intended to run the 800 Friday night, said Bedford told him that he would not be paid unless he ran the 1,500. In protest, Cram resigned from the International Athletics Club, the British track and field athletes' union that organized this meet.

Cram objected to running the mile in this meet because he had committed himself to run the distance Sunday at a small meet in his hometown, Jarrow.

Bedford did not apologize. "People are sick and tired of weak world-record attempts," he said. "They want to see head-to-head races. A certain amount of pressure has been put on Steve, and we are grateful he decided to put the sport before his personal preference. But the present situation, where athletes are allowed to choose their own races to avoid meeting leading rivals, will prove damaging."

"Last year, we had a magnificent race between Steve Ovett and Cram, which left the crowd tingling with excitement afterwards. I hope we see another classic."

Then Bedford virtually assured that the race would be nothing of the sort by allowing a 16-man field.

The best performance was Ruth Wysocki's victory in the mile with a time of 4:21.78. One of the worst was by Kim Gallagher, who won the Olympic silver medal in the 800 but had little energy or motivation left over for the European circuit. She finished last in a 10-woman field here with a time of 2:07.09.



Niki Lauda

## Aouita Beats Cram, Unspectacularly

By Randy Harvey

Los Angeles Times Service

LONDON — The highly touted mile race between Said Aouita and Steve Cram at Crystal Palace turned out to be much ado about nothing.

Aouita won in an unspectacular 3 minutes 54.3 seconds. Cram was involved in an accident that left him sprawling on the track, and although he quickly regained his footing, he finished last in the 16-man field.

Although somewhat derailed by Cram's fall, Aouita's victory added an exclamation point to his remarkable season. Besides winning the Olympic gold medal in the 5,000 meters, Aouita, a 23-year-old Moroccan, finished the year with the best times in the world in the 1,500 meters, the 3,000 and the 5,000. The one thing he did not have before Friday night was a victory over Cram, one of the great Britons.

After the Olympics, Aouita went in Zurich in a 1,500 against Sebastian Coe, the Olympic champion. When Coe said he did not want to run against Aouita because the race might become tactical and thus jeopardize the British runner's world-record attempt, the promoter put Aouita in the mile. Even so, Coe did not get the record.

Aouita accused Coe of avoiding him, and it appeared that Cram had the same idea. In a tense press conference Thursday night, however, Cram said that he would face Aouita in the mile here. He added that he would do so reluctantly, and accused the meet coordinator, David Bedford, of pressuring him.

Cram, who had intended to run the 800 Friday night, said Bedford told him that he would not be paid unless he ran the 1,500. In protest, Cram resigned from the International Athletics Club, the British track and field athletes' union that organized this meet.

Cram objected to running the mile in this meet because he had committed himself to run the distance Sunday at a small meet in his hometown, Jarrow.

Bedford did not apologize. "People are sick and tired of weak world-record attempts," he said. "They want to see head-to-head races. A certain amount of pressure has been put on Steve, and we are grateful he decided to put the sport before his personal preference. But the present situation, where athletes are allowed to choose their own races to avoid meeting leading rivals, will prove damaging."

"Last year, we had a magnificent race between Steve Ovett and Cram, which left the crowd tingling with excitement afterwards. I hope we see another classic."

Then Bedford virtually assured that the race would be nothing of the sort by allowing a 16-man field.

The best performance was Ruth Wysocki's victory in the mile with a time of 4:21.78. One of the worst was by Kim Gallagher, who won the Olympic silver medal in the 800 but had little energy or motivation left over for the European circuit. She finished last in a 10-woman field here with a time of 2:07.09.

## Michigan's Defense Stops Miami's Streak, 22-14

United Press International

ANN ARBOR, Michigan — Junior fullback Bob Perryman scored on three short runs, and Michigan's surprisingly polished defense forced eight turnovers to deal Miami of Florida a 22-14 defeat and end the Hurricanes' 13-game winning streak.

Bernie Kosar, Miami's quarterback, threw second-half touchdowns on runs of three and one yard in the final two periods.

Michigan showed its best pass rush in recent years despite playing only its first game of the season. Miami, which had been ranked No. 1 by both major polls, is now 2-1. It may have been showing the effects of playing its third game in 12 days — this one on a sweltering daytime artificial surface.

Bo Schembechler, Michigan's coach, said that for Miami to have beaten Florida State to get into the Orange Bowl last season, edge Nebraska in that game, then follow up with victories over Auburn, Florida and Michigan "would have been one of the great achievements of college football."

Boston Col. 38, Alabama 31  
In Birmingham, Alabama, Troy Stratford rambled 42 yards for a touchdown with 3:26 left to lift Boston College to a 38-31 upset of Alabama. Stratford's touchdown,

his second of the game, came after Boston College tied the score, 31-31, on a 12-yard pass from Doug Flutie to Jim Browne with 5:58 left to cap a 57-yard, eight-play drive.

**UCLA 18, San Diego State 15**  
In San Diego, John Lee tied an NCAA record by kicking six field goals to lead UCLA past San Diego State, 18-15. San Diego State had a chance to win but Chris O'Brien missed on a 44-yard field goal try with 16 seconds left. The Bruins survived the upset scare by recovering two Aztec fumbles deep in UCLA territory in the fourth quarter.

**College Football**  
Linebacker Rodney Lyles picked off three of Kosar's passes, one of which was turned into Bob Perryman's game-sealing 17-yard field goal with 1:12 left in the game. Perryman scored on a run of six yards following a Miami fumble on its first possession of the game and on runs of three and one yard in the final two periods.

Michigan showed its best pass rush in recent years despite playing only its first game of the season. Miami, which had been ranked No. 1 by both major polls, is now 2-1. It may have been showing the effects of playing its third game in 12 days — this one on a sweltering daytime artificial surface.

Bo Schembechler, Michigan's coach, said that for Miami to have beaten Florida State to get into the Orange Bowl last season, edge Nebraska in that game, then follow up with victories over Auburn, Florida and Michigan "would have been one of the great achievements of college football."

Boston Col. 38, Alabama 31  
In Birmingham, Alabama, Troy Stratford rambled 42 yards for a touchdown with 3:26 left to lift Boston College to a 38-31 upset of Alabama. Stratford's touchdown,

in the first half to lead Oklahoma State over Arizona State, 45-38.

**Clemson 55, Virginia 0**  
In Charlottesville, Virginia, Terrence Flager and Ray Williams scored two touchdowns each, and three other Clemson players also scored to lead the Tigers to a 55-0 rout of Virginia.

**Nebraska 42, Wyoming 7**  
In Lincoln, Nebraska, Jeff Smith ran for 170 yards and a score and Tom Rathman ran for 108 yards and a touchdown to carry Nebraska over Wyoming, 42-7. With top-ranked Miami losing, the Huskers could well take over the No. 1 ranking.

**Purdue 23, Notre Dame 21**  
In Indianapolis, Jim Everett's two touchdowns passed to Jeff Pritchard and Mike Rendina's three field goals led Purdue to a 23-21 upset of Notre Dame. Purdue had a 23-14

lead in the fourth period before Notre Dame rallied on a 6-yard run by Allen Pinkett with 4:21 left to cut the lead in 23-21.

**Penn State 15, Rutgers 12**  
In University Park, Pennsylvania, Dan Morgan forced a fumble by Rutgers quarterback Ernie Hochberg in the end zone, leading to a third-quarter safety that broke a tie and carried Penn State past the Scarlet Knights, 15-12.

**Iowa 59, Iowa State 21**  
In Iowa City, Chuck Long threw four touchdowns passes, and Iowa's defense grabbed five interceptions in lead the Hawkeyes past Iowa State, 59-21. Ronnie Harmon raced 86 yards for a touchdown to give Iowa a 42-7 lead 26 seconds before the half, then escaped for a 68-yard touchdown on a screen pass from Long.



Put up your favorite easy chair, call your buddies, and catch entire NFL Weekends on your own TV. Complete games, as they are seen in the U.S., just days after the action on rental video cassettes.

How? From Pontel, the NFL's overseas licensee. Every week, Pontel videotapes the week's major NFL game and adds all the highlights from every game played the previous week.

We speed these 3-hour cassettes from any of 4 distribution points — London, Dusseldorf, Basel and Amsterdam — to your home in Europe or anywhere overseas.

**MORE ACTION — LOWER COST**  
Just pick up the phone and you'll see the games you can only read about in this newspaper. Week after week, NFL Weekends will arrive at your door for friends and family to enjoy. As each cassette arrives, return the previous one in the handy mailer provided. Easy, convenient, economical.

Every year, thousands enjoy NFL Football overseas, with Pontel, the official NFL distributor. 1984 is our best year yet. More games, highlights of every game, now for less. For just \$139, you get half the regular season, 8 complete games and highlights of over 100 more NFL games.

**ORDER TODAY AND RECEIVE YOUR NFL TEAM POSTER FREE.**  
Besides rooting for your favorite, you can have your team's 58 x 65 cm color poster FREE by subscribing this week to NFL Weekends. Each poster is a \$10 value, is suitable for framing and is delivered to you in a protective tube.

**PAIDERS**  
In Montreal, Andre Dawson drove in three runs and Steve Rogers pitched a six-hitter as Montreal gave Philadelphia its fourth straight loss, 4-0. In the first inning, Tim Lincecum ran in Doug Flynn with a single off starter John Denny (6-6). With reliever Rene Martinez in the game in the seventh, Dawson cleared the bases with a double off the left field fence. The three RBIs gave Dawson seven in two games.

**NEW FOR THIS YEAR: LOWER PRICES AND HIGHLIGHTS OF EVERY NFL GAME.**

Scoreboard  
Page 11



**LANGUAGE**  
***The Secret Plan***

## 'The Roar' of Broadway Past

# GIRLIE STAGE SHOW



NTS	ANNOUNCEMENTS	REAL ESTATE TO RENT/SHARE	REAL ESTATE TO RENT/SHARE	REAL ESTATE TO RENT/SHARE
	LOOKING FOR FINANCING outside			

[illegible]